BOYD GROUP INCOME FUND

2004 Annual Report

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ANNUAL REPORT TO UNITHOLDERS

December 31, 2004

To our Unitholders,

The Boyd Group Income Fund ("the Fund") had mixed results in 2004. The prolonged slowdown in the North American auto collision repair industry continued to constrain our overall operating performance. As a result, our revenue and distributable cash generated during 2004 was below expectations. Despite these challenging market conditions, we maintained monthly unitholder distributions at $0.095 per unit for an annualized distribution of $1.14 per unit and we made progress in executing our plan to position the Boyd Group for longer term growth. We believe our progress was evident in the second half of the year as we increased our distributable cash generated relative to our declared unitholder distributions.

Our February 2004 acquisition of the Gerber Group and its 16 repair facilities in the greater Chicago area represents our single most substantial expansion initiative to date. Combining Gerber's operations with our established base of stores in the United States has created a solid growth platform. Since completing the Gerber transaction, we commenced rolling out the Gerber Collision & Glass brand name to each of our U.S. locations, we began the development of five new stores in the greater Chicago area, and we expanded our involvement in the Direct Repair Programs ("DRPs") of some of the largest automobile insurers in the U.S. Subsequent to year end, in January 2005, we acquired the assets of the glass network division of Globe-Amerada Glass Company (the "Globe Amerada Glass Network"), an auto glass repair and replacement referral network.

While it is difficult to determine when the North American auto collision repair industry might resume sustained growth, we believe that through the continued execution of our business plan, we can establish competitive advantages that will enable us to outperform in our established markets. The North American auto collision repair industry generates approximately $40 billion in revenue annually and it is a highly fragmented market, offering tremendous opportunities for larger, professionally managed repair operators like Boyd Group to consolidate smaller operators and achieve benefits from economies-of-scale. In addition, as a larger, professionally managed multi-store operator, Boyd Group is well positioned to pursue preferred business referral arrangements, such as Direct Repair Programs, with insurance companies.

Financial Results

For the year ended December 31, 2004, our revenue increased 38 percent to $167.7 million from $121.2 million in 2003, after adjusting 2003 for discontinued operations during 2004 and 2003. On a segmented basis, our sales in Canada in 2004 increased to $57.2 million from $55.6 million in 2003, while our U.S. sales in 2004 increased to $110.4 million from $65.6 million in 2003. Our U.S. sales growth in 2004 was primarily attributable to $53.2 million in new revenue derived from our acquisition of the Gerber Group and two Atlanta area stores during the year. Excluding the impact of foreign currency translation and the Gerber and Atlanta acquisitions, our U.S. same store sales declined $4.6 million or 7 percent compared to 2003. We believe our decline in U.S. sales reflects overall industry trends, and that we have not lost market share during this prolonged industry slowdown. The Fund's net income for 2004 increased to $2.0 million from $1.5 million a year ago.

Increasing Distributable Cash

Distributable cash generated for 2004 totaled $7.0 million and distributions paid to unitholders and dividends paid to non-controlling shareholders totaled $9.1 million for the period, representing a payout ratio of approximately 129.5%. We recognize that a payout ratio in excess of 100% is not sustainable over the long term, however, we continue to anticipate improvement in this ratio and we made considerable progress in the second half of 2004 in this regard. On a sequential basis, our payout ratio declined to 115.5% for the three months ended December 31, 2004, compared to a payout ratio of 120.4% in the third quarter and a payout ratio of 217.0% in the second quarter, which was our weakest quarter of the year.

During the second half of 2004, we opened four new collision repair centres in the Chicago area, acquired two new locations in the greater Atlanta area and disposed of under-performing operations in Wichita, Kansas. Subsequent to year end, we completed two transactions that we expect will have a further positive impact on distributable cash. In January 2005, we acquired two repair centres in western Canada with combined annual sales of $3.2 million. We also completed the aforementioned acquisition of the Globe Amerada Glass Network, an auto glass repair and replacement referral business that had annual revenue of approximately $12.5 million in 2004. As we roll out the Gerber Collision & Glass brand to the balance of our U.S. locations, we expect to be able to quickly and profitably introduce auto glass repair and replacement services at these locations. Integrating auto glass repair and replacement into our stores system-wide will enable us to more effectively utilize capacity and leverage fixed costs.

Increasing our involvement in insurance company DRPs is another key opportunity for us to augment distributable cash. Insurance companies are increasingly adopting DRPs to better manage their auto repair claims processes and improve customer satisfaction. Insurers select collision repair operators to participate in their DRPs on the basis of integrity, convenience, facility appearance, competitive pricing, quality of repair work and customer service. We currently participate in the DRPs of most of North America's leading insurance companies. In the fourth quarter, we extended our involvement in a DRP of one of the largest automobile insurers in the U.S., whereby we will now be a primary referral in all of the U.S. markets in which we operate.

Looking Ahead

Looking ahead, our growth strategy remains very much aligned with the interests of our unitholders. We are focused on: operational excellence; expanding our presence through acquisitions and new site developments; strengthening our relationships with insurance companies; and leveraging economies of scale to achieve enhanced operating margins. We also expect to continue to look for opportunities, such as our system-wide introduction of auto glass repair, to optimize our capacity utilization and leverage fixed costs. Following the release of our third quarter results, an equity analyst wrote, "While showing good improvement, Boyd is not yet out of the woods – while the risk of a cut to distributions remains, the likelihood has been reduced with this quarter's results." That likelihood has been further reduced with fourth quarter results, and as we continue to advance each of our key objectives, we look forward to maintaining distributions at current levels while continuing to reduce our payout ratio.

Acquisitions will remain an integral part of our growth and we will continue to execute our acquisition strategy in adherence with our strict criteria for ensuring value creation for our unitholders. Our new site development program will also continue. We expect to open four to six additional repair centres in 2005, primarily in the Illinois market. Our acquisition and new site development initiatives continue to be supported by favourable financing arrangements with certain key suppliers.

We are confident in our operating strategy and our longer term business outlook. We operate in a multi-billion dollar industry that offers significant opportunities for value creation through industry consolidation, operational excellence and mutually rewarding partnerships with insurance companies and suppliers. We are well positioned to capitalize on each of these opportunities to create value for our unitholders and we have a focused strategy in place to succeed.

On behalf of our Board of Trustees and employees, thank you for your continued support.

Sincerely,

Terry Smith
President & Chief Executive Officer

March 23, 2005

Management's Discussion & Analysis

OVERVIEW

Boyd Group Income Fund (the "Fund"), through its operating company, The Boyd Group Inc. ("Boyd" or the "Company") and its subsidiaries, is the largest operator of automotive collision repair service centres in Canada and is among the largest multi-site collision repair companies in North America, currently operating locations in the four western Canadian provinces and six U.S. states. Boyd carries on business in Canada under the trade names "Boyd Autobody & Glass" and "Service Collision Repair Centre". In the U.S., Boyd operates primarily under the "Gerber Collision & Glass" name and, while it continues to operate under the trade names of acquired businesses in some markets, it is transitioning to the "Gerber Collision & Glass" brand in all U.S. markets.

Boyd provides collision repair services to insurance companies, individual vehicle owners, as well as fleet and lease customers, with a high percentage of the Company's revenue being derived from insurance-paid collision repair services. In Canada, government-owned insurers operating in Manitoba, Saskatchewan and British Columbia, dominate the insurance-paid collision repair markets in which they operate. In the U.S. and Canadian markets, other than Manitoba and Saskatchewan, private insurance carriers compete for consumer policyholders, and in many cases significantly influence the choice of collision repairer through Direct Repair Programs ("DRP's").

The Fund's units trade on the Toronto Stock Exchange under the symbol TSX: BYD.UN. The Fund's consolidated financial statements as well as Annual Information Form have been filed on SEDAR at www.sedar.com.

Since the underlying business operations of the Fund and Boyd are the same, both before and after the reorganization into an income trust during 2003, the Fund is considered to be a continuation of The Boyd Group Inc. following the continuity of interest method of accounting. The following review of the Fund's operating and financial results for the year ended December 31, 2004, including material transactions and events up to and including March 23, 2005, as well as management's expectations for the year ahead should be read in conjunction with the annual audited consolidated financial statements of Boyd Group Income Fund for the year ended December 31, 2004 included on pages 40 to 71 of this report.

Highlights

A summary of significant events and corporate initiatives during and subsequent to 2004 which had, and which will continue to have an impact on the Fund's financial results and financial position include:

- On January 19, 2004, completing a private placement of $14.0 million of Subscription Receipts, providing holders with the right to exchange these receipts for trust units of the Fund, pending completion of the acquisition of The Gerber Group, Inc. ("Gerber");

- On January 30, 2004, requesting and receiving $5.2 million U.S. forgivable capital funding and $7.6 million U.S. loan financing under agreements with trading partners, to fund the Gerber acquisition, described below;

- On February 2, 2004, completing the acquisition of The Gerber Group, Inc., an operator of 16 collision repair facilities located in Chicago, Illinois, and issuing, as partial consideration, $8.1 million U.S. of exchangeable vendor notes to the former owners of Gerber;

- On February 2, 2004, issuing 1,750,000 trust units of the Fund, plus 874,997 detachable Purchase Warrants to acquire additional trust units at a fixed price of $10.00 per unit, in exchange for the $14.0 million Subscription Receipts proceeds. Funds were used principally to finance a portion of the Gerber acquisition and to provide for the future development of collision repair facilities;

- On May 1, 2004, completing the sale of 100% of the shares of M&S Collision Center, Inc., a U.S. subsidiary operating a single collision repair facility in Valparaiso, Indiana. Net cash proceeds from the sale of $1.0 million were used to repay a portion of outstanding bank term loans;

- During 2004, adopting "Gerber Collision & Glass" as Boyd's common brand for its U.S. operations and the subsequent transitioning to this new brand. By the end of 2004, Boyd was operating as "Gerber Collision & Glass" in its Illinois, Atlanta and Washington markets and anticipates full roll-out of the brand in the U.S. by the end of 2005;

- On June 1, 2004, purchasing the assets of Best Way Auto Repair in Chicago, Illinois, to facilitate the development of the Company's new Northwest Highway collision repair facility;

- On August 1, 2004 completing the acquisition of the remaining 50% of the shares of 1st Choice Mobile Auto Glass Dealers Inc., in Vancouver, B.C. The purchase price was paid by issuing 57,143 trust units at a price of $8.75 per unit;

- During 2004, continuing the development of five new collision repair facilities in the Chicago metropolitan area with three of these facilities opening for business by December 31, 2004;

- On August 16, 2004, acquiring 100% of the shares of two additional facilities located in Atlanta, Georgia. Cartech of Towncenter, Inc. and Cartech of Decatur, Inc. were purchased, financed through a combination of vendor debt and supplier funding;

- Effective August 31, 2004, leasing the fixed assets and selling the remaining operating assets of Service Collision Center, Inc., located in Wichita, Kansas;

- On November 10, 2004 and effective September 30, 2004, reaching agreement with senior lenders to renew the Company's senior credit facilities. Under the terms of the amended credit agreement, the Company has increased its operating line of credit from $6.0 million to $10.0 million and extended its term facilities until January 15, 2009. As part of the amendment, the Company made a $1.7 million U.S. repayment of its term facility in the fourth quarter of 2004. The remaining term facility is a committed reducing facility in the amount of $10.5 million U.S., secured by a General Security Agreement and subsidiary guarantees, with incentive priced interest rates and subject to customary terms, conditions, covenants and other provisions for an income trust. The term facility will amortize quarterly with $0.3 million U.S. due in 2005, $1.2 million U.S. due in 2006, $2.4 million U.S. due in 2007, $4.0 million U.S. due in 2008 and $2.6 million U.S. due in 2009;

- On January 1, 2005, acquiring 100% of the shares of Abbotsford Auto Body Ltd., a single location repair facility located in Abbotsford, British Columbia. The acquisition was funded through a combination of trust units and supplier funding;

- On January 1, 2005, purchasing the business assets of Automation Paint & Body, located in Calgary, Alberta, funded by supplier funding;

- On January 28, 2005, acquiring certain assets of the network division of Globe-Amerada Glass Company (the "Globe Amerada Glass Network"), based in the Chicago, Illinois area. The purchase was funded through a combination of cash, trust units, supplier loans and a five year note held by Globe-Amerada Glass Company. The Globe Amerada Glass Network is an auto glass repair and replacement referral business with affiliated service providers throughout the United States.

Selected Annual Information

The following table summarizes selected financial information for the Fund and the predecessor Company over the prior three years:

($000's, except per unit figures)	December 31 2004	December 31 2003	December 31 2002
Sales	167,659	121,202	131,892
Net earnings from continuing operations	3,064	1,853	1,727
Basic earnings per unit from continuing operations	0.392	0.452	0.349
Diluted earnings per unit from continuing operations	0.302	0.245	0.340
Net Earnings	2,001	1,480	856
Basic earnings per unit	0.240	0.344	0.195
Diluted earnings per unit	0.159	0.160	0.228
Total assets	100,266	69,447	80,967
Total long-term financial liabilities	27,153	21,820	34,897
Cash dividends or distributions per share or unit declared:			
Class E share dividends	-	0.0473	0.1892
Trust Unit distributions	1.1400	0.9500	-

Growth in sales for 2004 reflects the impact of new acquisitions during the year. Offsetting growth through acquisitions is the continuing impact of lower year over year claims volumes in the U.S. In 2003 and 2004, financial performance was also impacted by the loss in value of the U.S. dollar in relation to the Canadian dollar. Adjusting for the impact of foreign currency translation, using 2002 exchange rates, 2003 and 2004 sales would have been $8.6 million higher and 23.0 million higher, respectively. To address the weakening sales trend in the U.S., Boyd has been actively pursuing opportunities to increase sales volumes in existing markets through strengthening of DRP relationships and through broadening product offerings. The Fund believes these efforts have been and will continue to be a successful strategy to counteract the impact of declining claims volumes. In Canada, same store sales growth over the last two years has helped to offset weaker sales in the U.S.

Net earnings from continuing operations were impacted in 2002, 2003 and 2004 by certain unusual charges, in addition to the impact of same store sales declines in the U.S and the weakening U.S. dollar. In 2002, the Company recorded accelerated amortization of deferred financing charges of $1.1 million ($0.8 million, net of tax) resulting from amendments to its senior credit facilities in anticipation of the conversion to an income trust. In 2003, the Company recorded reorganization costs and charges to settle interest rate swap contracts totaling $2.6 million ($1.6 million net of tax). In 2004, the remaining swap breakage costs, in the amount of $0.5 million were recorded as well as new amortization of intangible assets related to the Gerber transaction of $1.3 million ($0.8 million net of tax). In the fourth quarter of 2004, the Company also took a more conservative approach to the recognition of the benefits associated with income tax loss carry forward amounts, resulting in income tax expense for 2004 rather than income tax recoveries. Both the 2003 and 2004 years were impacted by goodwill and other impairment losses in the Company's Kansas, Oklahoma, Washington and Atlanta operations stemming from reduced claim volumes in those areas.

Net earnings in 2002, 2003 and 2004 were also impacted by decisions to discontinue operations in certain of Boyd's business reporting units in Manitoba, Alberta, Saskatchewan, Kansas and Indiana as well as an extraordinary loss recorded in 2002 resulting from the expropriation of one of the Company's collision repair centres located in Arizona.

Growth in total assets is attributable to the continued growth of the Company while long-term liabilities reflect the repayment of bank debt as a result of the change to the income trust structure in 2003, followed by increases in new trading partner debt and convertible exchange notes in 2004.

BOYD GROUP INCOME FUND

In the fall of 2002, the Board of Directors of The Boyd Group Inc. began to formally review strategic alternatives for the Company and gave consideration to possible approaches to strengthening the Company's financial position, enhancing security holder value and providing an enhanced platform for growth. The Board of Directors unanimously concluded, after examining the merits of alternatives, that Boyd's business was well suited for an income fund and that the income fund structure should provide these benefits, and at the same time unlock the value of the Company's cash flows and improve investor returns by efficiently distributing these cash flows directly to unitholders.

On January 24, 2003, the securityholders of The Boyd Group Inc. approved a Plan of Arrangement (the "Arrangement") that would reorganize Boyd into an income trust. On February 28, 2003, under the terms of the Arrangement, the Fund acquired 53.67% (64.96% of publicly held shares and 15% of management group shares as defined in the Plan of Arrangement) of the common shares of Boyd from its shareholders, through a series of transactions, resulting in the issue of 2.39 million trust units as consideration. Also under the terms of the Arrangement, Boyd Group Holdings Inc. ("BGHI"), a holding company under voting control of the Fund, acquired the remaining 46.33% (35.04% of publicly held shares and 85% of management group shares) of the common shares of Boyd from its shareholders, issuing 2.06 million Class A common shares as consideration. Each public shareholder (other than the management group) indirectly received 0.6496 trust units of the Fund and 0.3504 Class A common shares of BGHI in exchange for each four Class A (Restricted Voting) shares held in Boyd prior to the Arrangement. As a final step in the Arrangement, the Company subsequently issued new Class I common shares to the Fund in exchange for cancellation of the previously publicly-traded common shares held by the Fund and issued new Class II common shares to BGHI in exchange for the cancellation of the previous common shares held by BGHI.

Also on February 28, 2003, concurrent with the Arrangement, the Fund completed an initial public offering (the "IPO") of 1,050,000 trust units at $8.60 per unit, raising $9,030,000. The net proceeds of the IPO were used to reduce long-term debt (including capital lease obligations), fund the Company's Big Box prototype, fund capital expenditures relating to branding and facility upgrades, and for other general operating purposes.

Following the reorganization, the Fund owns 100% of the Class I common shares (initially representing 53.67% of the total common shares) and subordinated notes (the "notes") issued by the Company, and pays monthly distributions to unitholders from the interest income earned on the notes and from dividends or return of capital on the common share investment. In addition, BGHI owns 100% of the Class II common shares (initially representing 46.33% of the total common shares) issued by the Company, and pays monthly dividends to shareholders from the dividends or return of capital on its common share investment in Boyd. Since the reorganization, the Company has issued additional Class I common shares and notes to the Fund, as the Fund has raised additional capital for investment in the Company and its operations. The Class I common shares held by the Fund currently, through March 23, 2005, represent 79.9% of the total common shares of the Company, while the Class II common shares held by BGHI represent 20.1% of the common shares of Boyd.

The Boyd Group Inc., with majority ownership controlled by the Fund and a minority interest held by BGHI, continues to carry on the current business. As the new public entity, Boyd Group Income Fund's business is primarily the ownership and control of The Boyd Group Inc.

Distributable Cash

It is the Company's policy to distribute to the Fund and BGHI, on an annual basis, available cash from operations after deductions for unreserved sustaining capital expenditures, debt service and interest obligations, and any reserves for administrative and other expenses and such reasonable working capital reserves considered appropriate by the Board of Trustees. In any particular period, cash distributions paid by the Fund and BGHI may exceed distributable cash generated by the Company, and cash reserves may be used to supplement distributable cash where necessary and prudent.

The following is a distributable cash calculation for 2004 with comparative pro-forma figures for 2003. The collision repair industry, particularly in Canada, is subject to seasonal fluctuations. The Trustees of the Fund have eliminated the impact of seasonal fluctuations on unitholders by equalizing the monthly distributions. Due to this seasonality, it is not entirely possible to extrapolate the distributable cash for the ten months from February 28, 2003 to December 31, 2003 to determine an estimate of year-to-date distributable cash for comparative purposes in the prior year. In addition, the higher levels of debt and interest expense prior to the reorganization, and the impact of costs related to completing the reorganization in this period, do not allow for a direct calculation of distributable cash for this prior period.

Distributable Cash (1) Year Ended December 31		2004		Pro-forma 2003
Cash flow from operating activities	$	**8,357,224**	$	5,991,956
Add Back (Deduct):				
Changes in non-cash working capital items		**(2,201,275)**		(4,452,761)
Current income tax expense		**555,852**		759,364
Interest on capital leases (3)		**151,228**		202,685
Dividends received on Class B shares		**437,805**		-
Big Box prototype reserve (2)		**532,516**		791,271
Proceeds of sale of equipment		**325,089**		193,941
Income taxes (paid) recovered		**(719,999)**		1,126,531
Sustaining expenditures on plant and equipment (4)		**(201,006)**		(645,064)
Repayment of post reorganization capital leases (including interest) (3)		**(94,528)**		(3,353)
Repayment of vendor notes		**(94,258)**		(282,047)
Arrangement and swap costs		**531,360**		2,650,098
Interest on equity component of convertible debt		**(584,093)**		(386,548)
		6,995,915		5,946,073
Reduction of interest expense to reflect income trust structure for period prior to February 28, 2003 (5)		-		166,467
Reduction of principal repayment on vendor notes to reflect income trust structure for period prior to February 28, 2003 (6)		-		311,232
Distributable Cash	$	**6,995,915**	$	6,423,772
Distributions paid (7)				
Unitholders	$	**7,590,416**	$	3,136,961
Non-Controlling Interest Shareholders		**1,469,790**		705,500
Total distributions paid	$	**9,060,206**	$	3,842,461
Distributions reinvested (8)				
Unitholders	$	**2,888,542**	$	362,973
Non-Controlling Interest Shareholders		**1,469,790**		273,069
Total distributions reinvested	$	**4,358,332**	$	636,042
Net cash distributions after reinvestment				
Unitholders	$	**4,701,874**	$	3,206,419
Non-Controlling Interest Shareholders		-		432,431
Net cash distributions	$	**4,701,874**	$	3,638,850
Distributions paid				
Per Unit	$	**1.140**	$	0.855
Per Non-Controlling Share	$	**0.713**	$	0.342

(1) Distributable Cash is not a recognized measure under Canadian generally accepted accounting principles (GAAP). Management believes that in addition to net earnings, Distributable Cash is a useful supplemental measure as it provides investors with an indication of cash available for distribution, both before and after debt service, capital expenditures and income taxes. Investors should be cautioned, however, that Distributable Cash should not be construed as an alternative to net earnings determined in accordance with GAAP as an indicator of the Fund's performance. Boyd's method of calculating Distributable Cash may differ from other companies and, accordingly, may not be comparable to similar measures used by other companies.

(2) Costs of the AWC Collision "Big Box" prototype development of $533 thousand (2003- $791 thousand) were funded from proceeds of the initial public offering completed at the time of the reorganization, as contemplated in the final prospectus filed by the Fund and dated February 14, 2003. Of the $1.8 million original reserve, $476 thousand remain available.

(3) Interest costs arising from capital lease obligations that existed prior to the date of the reorganization are excluded from Distributable Cash since the total future capital lease principal and interest obligations were provided for from proceeds of the initial public offering completed at the time of the reorganization. Total interest costs associated with capital leases are added back and then interest costs relating to post reorganization capital leases are deducted.

(4) As part of the renegotiation of the Fund's senior credit facilities, sustaining expenditures on property, plant and equipment from July 1, 2004 are excluded from Distributable Cash as they are covered by a $2.0 million reserve in remaining available cash from the $14.0 million private placement offering proceeds received in conjunction with the acquisition of Gerber in February 2004. In addition, remaining reserves related to branding and upgrading of collision repair facilities set aside from the proceeds of the initial public offering in 2003, have also been made available to cover sustaining expenditures on property, plant and equipment from July 1, 2004. At December 31, 2004, $2.6 million of these reserves remain available.

(5) Reduction of interest expense during the period January 1, 2003 to February 28, 2003 to give effect to the completion of the initial public offering, acquisition of The Boyd Group Inc. and repayment of senior bank debt and settlement of interest rate swap contracts relating to the reorganization.

(6) Reduction of principal payments on vendor loans during the period January 1, 2003 to February 28, 2003 to give effect to the fact that these loan repayments were funded from the proceeds of the initial public offering.

(7) Distributions paid by the Fund to unitholders and by BGHI to shareholders are for the twelve month period from January 1, 2004 to December 31, 2004. Distributions paid by the Fund to unitholders and by BGHI to shareholders for 2003 include the period from formation of the income trust on February 28, 2003 to December 31, 2003.

(8) Distributions reinvested include elected distributions under the distribution reinvestment and premium distribution components of the Fund's reinvestment plan for the periods involved and the elected dividends reinvested by Boyd Group Holdings Inc. under its premium dividend reinvestment plan for the same periods.

Distributions

The Fund and BGHI make monthly distributions, in accordance with their distribution policies, to unitholders and shareholders of record on the last day of each month, payable on or about the last business day of the following month. The amount of cash distributed by the Fund is equal to the pro rata share of interest or principal repayments received on the notes and distributions received on or in respect of the Class I common shares of the Company held by the Fund, after deducting expenses of the Fund and any cash redemptions of the Fund during the period. The amount of cash distributed by BGHI is equal to the pro rata share of dividends received on or in respect of the Class II common shares of the Company held by BGHI, after deducting expenses of BGHI.

The Fund has declared distributions totaling $8.0 million during 2004, while BGHI has declared dividends of $1.5 million during this same period. All of the distributions declared by the Fund during 2004 are anticipated to be taxable as other income in the hands of the unitholders, while the dividends declared by BGHI during this same period are anticipated to be taxable as dividend income to shareholders of BGHI.

BUSINESS ENVIRONMENT & STRATEGY

The collision repair industry in North America is estimated by Boyd to represent approximately $40 billion in annual revenue. The Industry is highly fragmented, consisting primarily of small independent family owned businesses operating in local markets. To date, only a small number of multi-unit collision repair operators, growing in part through acquisition, have emerged in North America. No single operator within this group is dominant over the others, either in terms of size or geographic coverage, and the Company estimates that as a group, consolidators have less than a 5% North American market share. All of the known industry consolidators, other than Boyd, are currently headquartered and have the majority of their operations in the United States.

Declining collision repair claims volumes have contributed to an increasingly competitive business environment. There is a growing trend among major insurers in both the public and private insurance markets toward developing performance-based measurements in selecting collision repair partners. Additionally, there is a trend in the private insurance markets to utilize DRP's for a growing percentage of collision repair claims volume and insurers appear to be favouring the development of multi-location DRP arrangements with the strongest multi-location collision repair operators in select regions. Management believes that Boyd is well positioned to take advantage of these trends.

The management team share a common vision in making Boyd a leader in the consolidation of the collision repair industry and to represent through corporate owned locations, as well as franchised locations, the pre-eminent chain of upscale retail oriented auto collision and glass repair shops, providing exceptional service to its customers, challenging and rewarding employment to its employees and long term financial returns for its owners.

Boyd's fundamental strategies to achieve its vision include:

- Continued growth through acquisition, development and integration of market leading collision repair businesses;
- Ongoing development of innovative and mutually rewarding strategic relationships with insurance, fleet and lease customers, as well as supply trading partners;
- Use of a common brand respected as the best in the collision repair industry for quality and customer service;
- Growth through broadening its product and service offerings to increase same store sales, including the automobile glass repair and replacement business;
- Use of best practices and economies of scale to enhance profitability and operating performance.

These strategic initiatives are interrelated and Boyd's success in achieving its vision will largely be based on its ability to identify and capitalize upon the key performance factors that drive the collision repair industry.

Acquisition & Integration of Collision Repair Businesses

At December 31, 2004, Boyd operated 83 corporately owned locations and had eight franchised locations (39 corporate locations in Canada and 44 in the United States). Included in this total are three new start-up facilities in Illinois. Since December 31, 2004, an additional two sites in Illinois and one site in Arizona have commenced operations or are currently functioning as satellite locations and are anticipated to be fully operational during the first half of 2005. These acquisitions and facility openings have established Boyd's critical mass and, to the knowledge of the Fund, Boyd is now the largest operator of company owned and operated collision repair facilities in Canada and is among the largest in the United States.

Growth through acquisition has provided Boyd with the opportunity to significantly increase its revenues and EBITDA through leveraging its investment in infrastructure and brand development. Under the income trust structure, Boyd intends to continue to grow by way of acquisition and integration of market leading collision repair businesses, and new store openings, while simultaneously focusing upon same store sales growth opportunities.

Boyd continues to follow a disciplined acquisition approach based upon specific geographic, operational, cultural and financial criteria for identifying candidates and determining acquisition prices. In assessing acquisitions, the Company will apply the following criteria:

- Adding value to unitholders;
- Profitability with proven management and market share;
- Geographic proximity to current operations and ability to leverage economies of scale;
- Continuing involvement of owners, managers or key employees;
- Above average potential to enhance return on investment, including ability to leverage customer relationships;
- Compatibility with Boyd's operating strategies and culture.

Strategic Relationships

The collision repair business, particularly in the United States, is dependent upon the maintenance and enhancement of excellent working relationships with insurance, fleet and lease customers. Boyd's revenues are largely derived from automobile insurance companies, as are the majority of revenues comprising the $40 billion collision repair industry. Boyd works at maintaining both the key relationships it initially developed and those relationships cultivated by acquired businesses.

Customer relationship dynamics in Boyd's principal markets differ from region to region. In three of the Canadian provinces where Boyd operates, government-owned insurance companies have, by legislation, either exclusive or semi-exclusive rights to provide insurance to automobile owners. Although Boyd's services in these markets are predominantly paid for by government-owned insurance companies, these insurers do not typically refer insured automobile owners to specific collision repair centres, allowing individual consumers the freedom of choice. Boyd focuses its marketing endeavours, primarily through consumer based advertising, on obtaining business from individual vehicle owners. Boyd manages relationships in the government-owned insurance markets through active participation in industry associations and rate-setting negotiations.

In Provinces other than Manitoba and Saskatchewan, and in the United States, where private insurers operate, a greater emphasis is placed on establishing and maintaining referral arrangements with insurance companies. Boyd continues to develop and strengthen its DRP relations with insurance carriers in both Canada and the United States. DRP's are established between insurance companies and collision repair shops to better manage automobile repair claims and increase levels of customer satisfaction. Insurance companies select collision repair operators to participate in their programs based on integrity, convenience and physical appearance of the facility, quality of work, customer service, cost of repair, cycle time and other key performance metrics. Local and regional DRP's, and more recently national DRP relationships, represent an opportunity for Boyd to increase its business as the percentage of insurance paid collision claims handled through DRP's continues to increase. Management expects this percentage will continue to grow and industry sources expect that by the end of 2004, nearly 55% of auto collision claims will be handled through DRP's. Along with the growth in DRP's, Boyd's management believes there is a growing preference among insurance carriers to do business with multi-location collision repairers in order to reduce the number and complexity of contacts in the collision repair process and to achieve a higher level of consistent performance.

As repair volume flowing through DRP's grows and as DRP's evolve, Boyd believes that it is well positioned to take advantage of the opportunities that arise from these industry trends. Boyd believes that it has strong relationships with insurance, fleet and lease customers in place in each of its markets and that it has the capability to grow these relationships.

Key Supplier Agreements

As a critical component of its strategy, Boyd has established relationships with certain key suppliers. In July 1999, certain key trading partners provided the Company with, among other things, a commitment for approximately $25 million in forgivable capital funding over a period of three to six years, to be used for acquisition and start-up of new collision repair businesses. Forgivable capital funding amounts received in respect of each acquisition or start-up are recorded as unearned income and are amortized to income as they are earned, pursuant to the agreement, over a period of 84 months. By the end of 2004, Boyd had received a total of approximately $23.1 million of capital funding under this agreement, and has received an additional $0.4 million in the 1st quarter of 2005 for acquisitions closed on or after January 1, 2005. Boyd is currently negotiating with its trading partners to refresh this facility.

In 2003, Boyd entered into an amendment to its agreement with these trading partners to provide a $15.0 million acquisition loan facility, with interest-only payments due during the five year term of each loan drawn, and principal due at maturity. The loan facility is provided at favourable interest rates, providing an additional source of available financing to fund growth. To the end of 2004, Boyd has drawn $10.0 million of this facility to finance acquisitions for both 2003 and the first half of 2004. In January 2005, the Company received an additional $3.2 million related to acquisitions and start-ups completed during the last half of 2004 and into January 2005.

Boyd has entered into preferred supplier agreements with several other key suppliers of parts, materials and services that typically provide for enhanced volume and/or price discounts.

A Brand Recognized for Quality & Service

The principal names under which Boyd carries on business in Canada are "Boyd Autobody & Glass" and "Service Collision Repair Centre". In order to more fully retain and utilize the goodwill of acquired collision repair centres, Boyd has historically, particularly in the United States, continued to operate under the name used by the acquired business prior to acquisition. However, in conjunction with the Gerber acquisition, Boyd began to re-evaluate its common branding strategy in the U.S. during the first quarter of 2004. Based upon an evaluation of the reputation and strength of the Gerber brand, the Company has decided to implement a new common brand, "Gerber Collision & Glass" across its U.S. operations. By the end 2004, Boyd had completed the implementation of the new common brand in Illinois, Georgia and Washington. The Company anticipates completing the roll-out of the Gerber brand into the U.S. by the end of 2005.

In support of establishing a brand recognized for quality and service, Boyd achieved North America's first International Organization for Standardization (ISO) 9002 multi-site registration in automotive collision repair in its Canadian operations in 2000. The ISO 9002 standard establishes best practice process and procedures for providing the highest quality in collision repair services.

Boyd also conducts extensive consumer satisfaction polling at all operating locations to assist it in keeping customer satisfaction at the forefront of its mandate and to reinforce the association between the Company's brands and the desire to exceed each customer's expectations.

Broadening Product & Service Offerings

Boyd continues to seek opportunities to broaden its product and service offerings in all markets to grow same store sales. In the Manitoba region, the Company has established a strong presence in the auto glass replacement and repair business, as a means of expanding services beyond traditional collision repair services.

On July 30, 2004, the Company acquired the remaining 50% interest in 1st Choice Mobile Auto Glass Ltd. from its joint venture partner, a British Columbia-based company actively involved in the auto glass repair and replacement business in that province. Under the terms of this arrangement, the Company was certified by the Insurance Corporation of British Columbia to complete auto glass replacement and repairs in British Columbia.

The Gerber Group, Inc., acquired on February 2, 2004, operates under the trade name of "Gerber Collision & Glass" and is actively involved in the auto glass repair and replacement business in its 21 locations in the Chicago area.

On January 28, 2005, the Company purchased the Globe Amerada Glass Network. The Globe Amerada Glass Network is an auto glass repair and replacement referral business with affiliated service providers throughout the United States. It is anticipated to be a complimentary growth driver for Boyd, supplementing auto glass repair and replacement services currently existing in Canada and Chicago, Illinois. Through this network, additional volume will be referred to Boyd facilities in the U.S., thereby providing the opportunity to introduce auto glass repair and replacement services to the balance of existing U.S. operations, as well as provide the ability to leverage strategic industry relationships to drive future growth.

The Company expects to continue expansion into the auto glass repair and replacement business in other existing markets and expects to continue to identify other opportunities to expand its product and service offering in all markets.

RESULTS OF OPERATIONS

Sales

Sales totaled $167.7 million for the year ended December 31, 2004, an increase of $46.5 million or 38.3% compared to the same period in 2003 (after adjusting 2003 for the effect of discontinued operations during 2004 and 2003). Sales increased $54.5 million or 45.0% from the 1st Choice Mobile Auto Glass Dealers Inc. ("Anvil"), Gerber and Atlanta acquisitions compared to the same period in the prior year. Offsetting this increase was a same store sales decline of $8.1 million, or 6.7% when compared to the same period in 2003. The impact of foreign currency translation attributable to sales generated from the Company's U.S. operations represented a $3.5 million decline or close to half of the overall same store sales

decrease. Excluding the effects of currency translation and acquisition growth, overall same store sales declined $4.6 million or 3.8%, principally resulting from declining claims volumes.

All of the Company's revenues are derived from automotive collision repair and related services, conducted through locations within Canada or the United States of America. The following chart provides comparative sales by geographic region:

Sales by Geographic Region (000's)

Year Ended December 31		2004		2003
Canada	$	57,246	$	55,567
United States		110,413		65,635
Total	$	167,659	$	121,202
Canada - % of total		34.1%		45.8%
United States - % of total		65.9%		54.2%

Sales in Canada for 2004 totaled $57.2 million. This is an increase of $1.7 million or 3.0% over the prior year, after adjusting 2003 sales for operations discontinued. Sales growth in Canada included new sales from the acquisition of the remaining 50% of Anvil on August 1, 2004 which accounted for $0.6 million or 1.1% of this sales increase. The remaining $1.1 million or 1.9% increase is due to strong same store sales growth in British Columbia.

In the U.S., sales totaled $110.4 million for the year ended December 31, 2004, compared to $65.6 million for the same period in the prior year. Sales in the U.S. included new sales from the Gerber and Atlanta acquisitions of $53.2 million. Year-to-date same store sales in the U.S. declined $9.1 million or 13.9% when compared to the same period in the prior year. Translation of $U.S. revenues at a weaker U.S. dollar exchange rate, relative to the Canadian dollar, accounted for $4.5 million or 49.4% of the total decline in U.S. same store sales. Excluding the impact of foreign currency translation and the Gerber and Atlanta acquisitions, U.S. same store sales declined $4.6 million or 7.1% compared to the same period in the prior year. Industry sources in the U.S. reported a 7% decline in the number of auto insurance claims during 2003, while average claim severity (average cost per claim) was reported to be 4.2%- 5.5% lower in the fourth quarter of 2003 compared to the same quarter in previous years. Boyd believes that these trends have continued for the 2004 year.

Gross Margin

Gross Margin of $79.7 million or 47.5% of sales for 2004 has improved when compared to $54.4 million or 44.8% of sales for 2003. This improvement reflects an increase in gross margin dollars resulting from the increased sales volume and initial material rebates of $625 thousand arising from the Gerber acquisition. Consolidated gross margin as a percent of sales for 2004 was further impacted by Gerber's historically higher gross margin business model, and gross margin improvement in the B.C. region of Canada.

Operating Expenses

Operating Expenses, net of foreign exchange gains for the year ended December 31, 2004 of $67.0 million, or 40.0% of sales, increased from $45.3 million or 37.4% of sales for the same period of 2003. Overall operating expenses in 2004 reflect an increase of $1.5 million in operating expenses in the Canadian operations, while operating expenses in the U.S. increased $20.3 million due primarily to the Gerber acquisition.

Operating expense increases in Canada during 2004 of $1.5 million or 6.8%, are the result of increased advertising, operating lease charges and insurance costs for the Company's courtesy car fleet, audit and other professional fees, additional carrying costs for advanced estimating systems and higher bonuses earned when compared to the same period a year ago.

In the U.S., operating expenses increased $20.3 million to $44.3 million. This increase is the result of the newly acquired Gerber and Atlanta operations which added $22.6 million in operating expenses. Same store expenses declined $2.3 million. The reduction includes a $1.7 million decrease related to the translation of a weaker U.S. dollar. The remaining $0.6 million decrease in same store operating expenses were achieved through reductions in administrative salaries and related overhead.

Consolidated operating expenses as a percentage of sales increased to 40.0% in 2004, compared to 37.4% in the same period of 2003, due to the higher ratio of operating expenses to sales in the Gerber operations and reduced sales volumes in certain U.S. regions as well as increases in promotion and advertising costs, estimating systems, audit fees, vehicle lease and insurance costs and travel associated with the integration of the Gerber operating model into existing U.S. Boyd locations.

EBITDA

Earnings before interest, income taxes, depreciation and amortization ("EBITDA") for 2004 totaled $12.6 million or 7.5% of sales compared to $9.1 million or 7.5% of sales in the prior year. The increase in EBITDA in dollar terms resulted from the incremental sales and earnings of the Gerber, Atlanta and Anvil acquisitions.

EBITDA is not a recognized measure under Canadian generally accepted accounting principles (GAAP). Management believes that in addition to net earnings, EBITDA is a useful supplemental measure as it provides investors with an indication of operational performance. Investors should be cautioned, however, that EBITDA should not be construed as an alternative to net earnings determined in accordance with GAAP as an indicator of the Fund's performance.

Depreciation and Amortization

Depreciation and amortization expense related to plant and equipment totaled $4.1 million or 2.5% of sales for the twelve months ended December 31, 2004 compared to $3.1 million or 2.5% of sales in the same period of the prior year. The Company anticipates that future depreciation charges on plant and equipment will continue at or near the same level as a percent of sales, with sustaining expenditures on plant and equipment increasing with growth in sales volume.

Amortization of deferred costs and other intangible assets in 2004 totaled $1.7 million or 1.0% of sales and increased from the $363 thousand or 0.3% of sales expensed for the prior year. During 2004, the Company recorded definite life intangible assets related to the Gerber acquisition. As a result of the identification of these assets, the Company recorded additional amortization expense of $1.3 million for the year. The Company expects the future amortization of intangible assets, deferred costs and franchise rights to be at or near levels consistent with those of 2004.

Interest Expense

Interest Expense, net of interest income, decreased to $1.8 million, or 1.1% of sales for 2004, from $2.1 million or 1.8% of sales in 2003. Interest costs on bank debt decreased in 2004 when compared to 2003 by $0.8 million resulting from reductions in the outstanding bank term debt and lower interest rates following settlement of interest rate swap contracts. This impact on interest costs was expected in connection with the reorganization to an income trust. The decrease in interest costs was also partly attributable to lower interest costs relating to the debt components of convertible debentures as they converted into units during the year. Convertible debentures completed in the fourth quarter of 2003 and new trading partner debt and exchange notes issued to complete the Gerber acquisition in the first quarter of 2004 partly offset these interest expense declines by $0.7 million.

Interest costs related to the equity component of the convertible debenture and exchange note issues, which can be settled at maturity, at the Company's option, through the issuance of trust units, have been charged to retained earnings.

Swap Breakage and Arrangement Costs

Swap Breakage and Arrangement Costs in 2004 totaled $0.5 million compared to $2.7 million in the prior year. Swap breakage and arrangement costs incurred in 2003 included $0.8 million related to completing the Plan of Arrangement and reorganization to an income trust and the balance relating to termination of a portion of the Company's interest rate swap agreements in connection with the reduction in long-term bank debt and the amendment to the senior credit facilities. The settlement of interest rate swap contracts was completed in stages, with the final stage being completed in the first quarter of 2004 at a cost of $0.5 million.

Write Down of Goodwill and Property, Plant and Equipment

The Fund follows the recommendations of the Canadian Institute of Chartered Accountants (CICA) Handbook Section 3062 – Goodwill and Intangible Assets as well as CICA Handbook Section 3063 – Impairment of Long-Lived Assets. In accordance with the requirements, the Fund tests its goodwill and other intangible and tangible assets for impairment on an annual basis.

During 2003, the Fund wrote down goodwill relating to the operations of the AWC Collision "Big Box" facility in Tacoma, Washington, as well as other operations located in the Washington region, totaling $285 thousand, net of tax recoveries of $158 thousand. In addition, the Fund wrote down goodwill in the amount of $24,250 associated with the sale of its Humboldt, Saskatchewan facility. This amount was included as part of the loss on disposition of discontinued assets in 2003.

During 2004, the Fund wrote down goodwill in the amount of $2,340,940 ($1,811,312 U.S.) associated with the sale of M&S Collision Center, Inc. This amount was included as part of the loss on disposition of discontinued assets in 2004.

In addition, during 2004, as part of the ongoing goodwill impairment testing, the Fund wrote down goodwill in the amount of $1,925,338 relating to Atlanta based operations. No income tax impact was recorded as the Atlanta goodwill was non-deductible.

During 2001, the Company pursued the development and testing of a "Big Box" prototype at the AWC facility in Washington State. However, to date, the location has not generated the anticipated level of sales, and it is expected that sufficient sales volumes will not be realized in the near term. Accordingly, the Fund evaluated the facility re-design costs incurred as part of the development of the "Big Box" prototype and wrote off the remaining balance of those costs in the amount of $194,582.

Income Taxes

Current Income tax expense and future tax expense totaled $887 thousand for 2004, compared to a recovery of $642 thousand in 2003. In the fourth quarter of 2004, the Company took a more conservative approach to the recognition of the benefits associated with income tax loss carry forward amounts, resulting in income tax expense for 2004 rather than income tax recoveries. The net recovery of income taxes in 2003 was primarily due the effect of income tax deductions available as a result of effective tax planning and the implementation of the income trust structure. Although these tax structures remain in place, the Company believes it is prudent not to recognize the benefit of income tax carry forward amounts in Canada for 2004. In addition, the Company recognized only a portion of income tax carry forward amounts in the U.S. for 2004. Notwithstanding this conservative approach, the Company believes it will make full use of all income tax loss carry forward amounts before they expire.

Net Earnings before Non-Controlling Interest

Net earnings before non-controlling interest for the year ended December 31, 2004, was $1.5 million or 0.9% of sales compared to $1.1 million or 0.9% of sales last year. Higher sales volumes, improved EBITDA margins resulting from the Gerber acquisition, lower interest costs and lower swap breakage and arrangement costs offset by higher amortization of intangible assets contributed to the improved net earnings.

Non-Controlling Interest

Non-Controlling Interest for the year ended December 31, 2004 reflects an allocation of net losses of $1.6 million (2003 - $798 thousand) to BGHI, a holding company created upon the reorganization to an income trust to hold a non-controlling interest in The Boyd Group Inc. The Boyd Group Inc. recorded a net loss in 2004 of $7.6 million (2003 - $2.4 million), after deducting the interest paid on the subordinate notes to the Fund. This net loss is allocated between the Fund and BGHI in proportion to their respective equity interest in the Company. Subsequent to this allocation, upon consolidation of the Company with the Fund, inter-company interest between the Company and the Fund is eliminated, such that the Fund's consolidated earnings are not impacted by this interest cost. The effect of consolidation results in net earnings in the consolidated Fund after elimination of the inter-company interest, while BGHI absorbs a portion of this interest cost as the non-controlling shareholder.

Discontinued Operations

Net Loss from Discontinued Operations, net of tax, of $1.1 million in 2004 resulted from a decision by the Fund on April 30, 2004, to sell 100% of the shares of M&S Collision Center, Inc., one of its collision repair facilities located in Valparaiso, Indiana, the sale of the business assets of Service Collision Center located in Wichita, Kansas on August 31, 2004 and the decision in December 2004 to close the operations of the Company's Jarvis location in Winnipeg, Manitoba. The decision to sell or close these businesses was reached after the Fund concluded that the strategic and financial prospects for these business segments did not merit continued investment and support. Net loss from discontinued operations, net of tax, of $373 thousand in 2003 resulted from a decision by the Fund to sell the assets and business of its collision repair business in Humboldt, Saskatchewan, combined with the impact of the M&S Collision Center, Service Collision Center and Jarvis businesses during this prior period.

Net Earnings and Earnings Per Unit

Net Earnings after giving effect to the non-controlling interest, and after discontinued operations in 2004 and 2003, increased to $2.0 million or 1.2% of sales for 2004, compared to $1.5 million or 1.2% of sales in the prior year. Excluding the after tax impact of swap breakage and arrangement costs, write off of goodwill and other tangible assets and discontinued operations, net earnings for 2004 would have increased to $5.7 million or 3.4% of sales compared to $4.1 million or 3.4% of sales for the prior year. Net earnings improvement was primarily due to acquisitions during 2004.

Basic Earnings Per Unit was $0.240 per unit for the year ended December 31, 2004 compared to $0.344 per unit in the same period of 2003. *Diluted Earnings Per Unit*, which is calculated under the assumption that all convertible securities had been converted (where such conversion would have the effect of reducing earnings per unit), was $0.159 per unit for the 2004 year compared to diluted earnings of $0.160 per unit for the prior year. The decrease in basic earnings per unit in 2004 resulted from improved net earnings from continuing operations, due primarily to new acquisitions in the year, offset by the increase in the weighted average number of units outstanding and the impact of a more conservative approach to the recognition of the benefits associated with income tax loss carry forward amounts. Diluted earnings per unit were impacted by the potential dilution of earnings resulting from the exchange of Class A shares of BGHI for units of the Fund, where both the losses allocated to BGHI (as the holder of the non-controlling interest) and the additional units issued on the exchange have the impact of reducing earnings per unit.

SUMMARY OF QUARTERLY RESULTS

($000's, except per unit data)	2004				2003			
	Q4	Q3	Q2	Q1	Q4	Q3	Q2	Q1
Sales	42,512	42,290	41,549	41,308	28,570	28,880	30,239	33,513
Earnings (loss) from continuing operations	(1,824)	1,712	1,486	1,690	189	1,133	774	(243)
Basic earnings (loss) per unit from continuing operations	(0.284)	0.218	0.182	0.276	0.161	0.255	0.180	(0.144)
Diluted earnings (loss) per unit from continuing operations	(0.370)	0.216	0.171	0.285	(0.085)	0.268	0.206	(0.144)
Net earnings (loss)	(1,891)	1,294	982	1,616	208	978	563	(269)
Basic earnings (loss) per unit	(0.315)	0.160	0.123	0.272	0.073	0.256	0.156	(0.141)
Diluted earnings (loss) per unit	(0.303)	0.140	0.101	0.221	(0.020)	0.182	0.139	(0.141)

Sales by quarter for the last two years illustrate the impact of seasonality, whereby collision repair claims volumes tend to be higher in the winter season, particularly in Canada. Sales increases in 2004 reflect the additional sales from the Gerber acquisition. Net earnings in the first quarter of 2003 was impacted by reorganization costs and interest rate swap breakage costs totaling $1.2 million, net of tax. The fourth quarter of 2003 and the first quarter of 2004 were also impacted by interest rate swap breakage costs as the Company completed its plan to unwind these contracts. Net earnings in the fourth quarter of 2004 were impacted by the amortization of intangible assets recorded as a result of the Gerber acquisition as well as the write off of goodwill in the Company's Atlanta operations and other tangible assets of $2.1 million. In the fourth quarter of 2004, the Company also took a more conservative approach to the recognition of the benefits associated with income tax loss carry forward amounts, resulting in income tax expense for 2004 rather than income tax recoveries.

LIQUIDITY AND CAPITAL RESOURCES

The reorganization of The Boyd Group Inc. into Boyd Group Income Fund in February 2003 and the simultaneous initial public offering of trust units, the issue of $14.0 million new equity in 2004, coupled with the issue of convertible debt issuances in 2002, 2003 and 2004, an increase in the operating facility and the extension of its term facility with the Company's senior lender have all resulted in a significantly improved capital structure. After adjusting equity to include the non-controlling interest, on the basis that all Class A shareholders of BGHI will ultimately exchange their shares for units of the Fund, equity has increased to $42.3 million at December 31, 2004 compared to $27.9 million at December 31, 2003.

Cash and cash equivalents at December 31, 2004 totaled $0.6 million compared to $1.6 million at December 31, 2003. At December 31, 2004, the Fund had $4.0 million ($2.5 million – December 31, 2003) outstanding under its operating line of credit. Offsetting the outstanding balance of the operating line of credit, was cash held on deposit in U.S. bank accounts totaling $3.4 million ($1.6 million – December 31, 2003) and cash held on reserve to fund future capital lease obligations of $1.2 million ($2.6 million – December 31, 2003) for a net cash position of $0.6 million ($1.6 million – December 31, 2003).

The net working capital ratio (current assets divided by current liabilities) was 1:1 at December 31, 2004 (1.3:1 at December 31, 2003). On November 10, 2004 the Fund reached agreement with its senior lenders to renew its senior credit facilities effective September 30, 2004. Under the terms of the amended credit agreement, the Fund has increased its operating line from $6.0 million to $10.0 million and extended its term facilities until January 15, 2009. As part of the amendment the Fund made a $1.7 million U.S. payment of its term facility in the fourth quarter of 2004 reducing its term facility to $10.5 million (U.S) at December 31, 2004. The term facility is a committed, reducing facility secured by a General Security Agreement and subsidiary guarantees, with incentive priced interest rates and subject to customary terms, conditions, covenants and other provisions for an income trust. The term facility will amortize quarterly with $0.3 million U.S. due in 2005, $1.2 million U.S. due in 2006, $2.4 million U.S. due in 2007, $4.0 million U.S. due in 2008 and $2.6 million U.S. due in 2009. The Fund expects to continue to operate near a working capital ratio of 1:1.

The Fund had total debt outstanding at December 31, 2004 of $27.1 million, comprised of $12.6 million of senior bank term debt, $8.6 million of trading partner loans, $1.4 million of vendor loans, $1.6 million of obligations under capital lease and $2.9 million debt component of subordinate convertible debentures and exchangeable notes. This compares to $21.8 million of total debt outstanding at December 31, 2003, comprised of $16.7 million of senior bank term debt, $0.5 million of vendor loans, $2.2 million obligations under capital lease and $2.3 million debt component of subordinate convertible debentures. Total debt increased by $5.3 million, while net debt (net of cash and cash equivalents) increased by $6.3 million, primarily due to the financing of the Gerber and Atlanta acquisitions.

The following table summarizes the contractual obligations at December 31, 2004 and required payments over the next five years:

Contractual Obligations (000's)		Payments Due By Period			
As at December 31, 2004	Total	Due < 1 year	1-3 years	4-5 years	After 5 years
Long-term debt	$ 22,635	$ 960	$ 4,595	$ 17,059	$ 21
Capital lease obligations	1,638	881	483	274	-
Operating lease obligations	78,444	10,399	18,556	12,877	36,612
Purchase obligations:					
Earn out provisions	-	Unknown	Unknown	Unknown	Unknown
Forgivable Capital Funding repayments	4,500	1,400	3,100	Unknown	Unknown
Other long-term obligations (1):					
1998 8.5% Series I convertible debentures	128	-	-	128	-
2002 8.0% convertible debentures	2,327	-	2,327	-	-

2003 8.0% convertible debentures	1,585	-	-	1,585	-
2004 6.4% exchangeable notes	9,788	-	-	9,788	-
Total Contractual Obligations	$ 121,045	$ 13,640	$ 29,061	$ 41,711	$ 36,633

(1) The Fund has the right, at its option, to settle each of the 1998, 2002 and 2003 convertible debenture obligations as well as the exchangeable notes either by issuing additional trust units or by payment of cash.

Operating Activities

Cash flow generated from operations, before considering working capital changes, was $6.2 million for 2004 compared to $1.5 million in 2003. The increase in operating cash flows is directly attributable to the impact of cash flow generated from the Gerber operations, the reduced impact of swap breakage and arrangement costs of $0.5 million compared to $2.7 million last year, and interest cost savings of $0.4 million.

Changes in working capital items provided for net cash of $2.2 million for 2004 compared to $4.5 million for 2003, excluding the effect of working capital changes related to discontinued operations. Increases and decreases in accounts receivable, inventory, prepaid expenses, income taxes, accounts payable and accrued liabilities are significantly influenced by timing of collections and expenditures as well as changes in the foreign exchange translation of U.S. working capital items. Last year's working capital reflected the collection of income tax refunds of $1.1 million versus payments of $0.7 million in 2004.

Financing Activities

Equity

On January 24, 2003, the shareholders of The Boyd Group Inc. approved a Plan of Arrangement (the "Arrangement") that would reorganize The Boyd Group Inc. into an income trust, subject to the completion of an initial public offering of new trust units.

On February 28, 2003, concurrent with the Arrangement, the Fund completed an initial public offering (the "IPO") of 1,050,000 trust units at $8.60 per unit, raising $9,030,000. The net proceeds of the IPO were used to reduce long-term debt (including capital lease obligations), fund the Company's Big Box prototype, fund capital expenditures relating to branding and facility upgrades, and for other general operating purposes.

Under the terms of the Arrangement, a wholly owned subsidiary of the Fund acquired 15% of the outstanding Class A (Restricted Voting) shares held by the Management Group (shares held directly or indirectly by Terry Smith and Brock Bulbuck) in exchange for the subordinate notes. This subsidiary of the Fund also acquired 64.96% (the "debt percentage") of the Class A (Restricted Voting) shares of The Boyd Group Inc. from its other public shareholders through the issue of subordinate notes. The Fund, through a series of transactions, issued 2.39 million trust units to acquire the subordinate notes from the holders. Also, under the terms of the arrangement, Boyd Group Holdings Inc. ("BGHI"), a holding company organized under voting control of the Fund, acquired the remaining 85% of Class A (Restricted Voting) shares held by the Management Group and the remaining 35.04% (the "minority percentage") of the Class A (Restricted Voting) shares of The Boyd Group Inc. from its other public shareholders, issuing a total of 2.06 million Class A common shares as consideration. Each public shareholder (other than the Management Group) indirectly received 0.6496 trust units of the Fund and 0.3504 Class A common shares of BGHI in exchange for each four Class A (Restricted Voting) shares held. Following the reorganization, the wholly-owned subsidiary of the Fund that issued the subordinate notes amalgamated with The Boyd Group Inc., to continue as The Boyd Group Inc. Also, following the reorganization, the Company issued one new Class I share to the Fund in exchange for each Class A (Restricted Voting) share held by the Fund and one new Class II share to BGHI in exchange for each Class A (Restricted Voting) share held by BGHI. All of the Class A (Restricted Voting) shares repurchased by the Company were subsequently cancelled.

Holders of vested and outstanding stock options to acquire Class A (Restricted Voting) shares of The Boyd Group Inc. were provided, under the terms of the Arrangement with a choice to exercise such options to receive Class A (Restricted Voting) shares and subsequently convert the shares so received to trust units on 4:1 basis. Holders of a total of 616,908 stock options chose to exercise their options to acquire Class A shares, for total consideration of $772,775. Outstanding stock options that were not exercised prior to the reorganization were cancelled for no consideration.

The trust indentures under which the 1998 Series I 8.5% Subordinate Convertible Debentures and the 2002 8.0% Subordinate Convertible Debentures were amended to provide debenture holders the right to exchange, through the terms of

an exchange agreement between the Fund and the Company, debentures for units. Upon receiving a request to convert any of the convertible debentures, the Company will issue additional notes and Class I shares to the Fund, in consideration for receiving additional units from the Fund for purposes of satisfying the debenture conversion obligation.

Upon completion of the Arrangement: (i) the Fund is the holder of all of the notes and Class I shares of the Company, (ii) BGHI is the holder of all of the Class II shares of the Company, and (iii) the former holders of the Class A (Restricted Voting) shares of the Company will now hold units in the Fund and Class A shares in BGHI.

The Fund, BGHI and the Company have adopted a dividend/distribution policy whereby; (i) the Company will distribute all of its available cash, subject to applicable law and necessary reserves, by way of dividends on its shares, after satisfaction of its interest payments and any principal repayments on the notes to the Fund, (ii) BGHI will distribute all of its available cash, subject to applicable law and necessary reserves, by way of dividends on it shares, and (iii) the Fund will distribute all of its available cash, subject to applicable law and necessary reserves. In any particular period, cash distributions paid by the Fund and BGHI may exceed distributable cash generated by the Company, and cash reserves may be used to supplement distributable cash where necessary and prudent.

The following provides a continuity of the unitholders' capital of the Fund:

	2004		2003	
			Shares	Amount
Balance of Class A (Restricted Voting) shares of the Company at December 31, 2002	-	$ -	14,737,002	$ 18,693,465
Issued as partial consideration guaranteed under certain purchase and sale agreements	-	-	120,123	-
Issued on exercise of stock options	-	-	616,980	772,755
Cancellation of Class D shares of the Company	-	-	-	10
Issued on conversion of Class E shares	-	-	2,125,000	1
Issued on conversion of Series I debentures	-	-	212,500	250,000
Issue costs	-	-	-	(235)
Balance at February 28, 2003	-	$ -	17,811,605	$ 19,715,996

	Units	**Amount**	Units	Amount
Unitholders' capital at December 31, 2003	**3,924,864**	**$ 21,058,197**	-	$ -
Units issued by the Fund on February 28, 2003 in exchange for Class A (Restricted Voting) shares of the Company	-	-	2,389,957	10,581,575
Units issued under offerings	**1,750,000**	**14,000,000**	1,050,000	9,030,000
Less value allocated to 2004 warrants	-	**(422,700)**	-	-
Value adjustment on exercise of 2004 warrants	-	**1,200**	-	-
Issue costs	-	**(1,239,507)**	-	(1,099,251)
Units issued under guaranteed price contracts	**66,185**	-	126,086	-
Units issued to settle retraction of non-controlling interest shares	**749,272**	**3,043,795**	4,625	23,242
Units issued on conversion of Series I debentures	**133,872**	**630,000**	121,974	574,000
Units issued on conversion of 2002 debentures	**445,750**	**3,566,000**	200,875	1,607,000
Units issued on conversion of 2003 debentures	**78,482**	**675,000**	-	-
Units issued on exercise of 2003 warrants	**62,200**	**534,920**	-	-
Units issued on exercise of 2004 warrants	**2,500**	**25,000**	-	-
Units issued on acquisitions	**57,143**	**500,000**	11,928	100,000
Units repurchased and cancelled	**(49,101)**	**(297,061)**	(35,508)	(189,716)
Units redeemed	**(61)**	**(488)**	-	-
Units issued under reinvestment programs	**557,360**	**4,363,332**	54,927	431,347
Unitholders' capital, end of period	**7,778,466**	**$ 46,437,688**	3,924,864	$ 21,058,197

The Fund has guaranteed the unit price on units previously issued on certain acquisitions and currently held in escrow, to be released in annual amounts up to September 2006. If, at the time of release from escrow, the market value of the units differs from the guaranteed price, the Fund is either obligated to issue more units where the guaranteed price is higher than the market value, or alternatively, may claw back units in the case where the guaranteed price is less than market value.

During 2004, the Fund issued 66,185 units under acquisition price guarantees. Based on the December 31, 2004 market value of the units, the Fund would be obligated to issue approximately 51,000 additional units in respect of these guarantees, or may, at its option, settle the guarantees for cash.

On December 13, 2004, the Fund granted options to certain key employees allowing them to purchase up to 300,000 units of the Fund 9 years and 255 days after the date the options were granted. The granting of the options is subject to the approval of the unitholders at the next Annual Meeting. The options would permit the purchase of units at a price equal to the weighted average trading price on the Toronto Stock Exchange for the first 15 trading days in the month of December, 2004, being $7.48 per unit. The cost of the options will be recognized as compensation expense over the term between the date when unitholder approval is obtained and the date the options become exercisable.

The following chart discloses outstanding unit data of the Fund, including information on all outstanding securities of the Fund and its subsidiaries that are convertible or exchangeable for units of the Fund as of March 23, 2005.

Securities		# or $ Amount of Securities Outstanding	# of Units to be Issued on conversion or Exchange by Holder	Maximum # of Units to be issued
Units outstanding		8,181,389	8,181,389	8,181,389
Class A common shares of BGHI(1)		1,285,294	1,285,294	1,285,294
Convertible debentures:				
1998 Series I - 8.5% debentures(2)	$	128,000	27,200	27,200
2002 - 8.0% debentures(3)	$	2,317,000	289,625	419,746
2003 - 8.0% debentures(4)	$	1,585,000	184,302	377,381
Exchangeable notes –6.4%(5)	$	9,787,675	1,228,400	1,450,000
Warrants:				
Issued September 30, 2003(6)		142,800	142,800	142,800
Issued November 10, 2003(6)		21,000	21,000	21,000
Issued February 2, 2004(7)		872,497	872,497	872,497
Total			12,232,507	12,777,307

(1) The Fund is obligated to issue units to BGHI, in exchange for Class B shares of BGHI, upon a request for retraction by the holders of the Class A shares of BGHI. After February 29, 2004, all Class A shares retracted will be exchanged for units of the Fund on a 1:1 basis.

(2) The 1998 Series I 8.5% convertible debentures are convertible, at the option of the holder, to units of the Fund, at any time, at a fixed conversion price of $4.71 per unit. The Fund, through the Company, has the right to settle the principal amount of the debentures, at any time upon 30 days notice, through the issue of units at the fixed price of $4.71.

(3) The 2002 8.0% convertible debentures are convertible, at the option of the holder, to units of the Fund at any time, at a fixed conversion price of $8.00 per unit. The Fund, through the Company, has the right to settle the principal amount of the debentures at maturity through the issue of units, at then market prices, subject to a floor price of $5.52 per unit.

(4) The 2003 8.0% convertible debentures are convertible, at the option of the holder, to units of the Fund at any time, at a fixed conversion price of $8.60 per unit. The Fund has the right to settle the principal amount of the debentures at maturity through the issue of units, at then market prices, subject to a floor price of $4.41 per unit.

(5) The exchangeable notes are exchangeable, at the option of the holder, to units of the Fund at the rate of up to 40% of the original principal amount after the first anniversary, 60% of the original principal amount after the second anniversary, 80% of the original principal amount after the third anniversary and 100% of the original principal

amount after the fourth anniversary, at a fixed price of $6.62 U.S. per unit. The Fund, through the Company, has the right to settle the exchangeable notes at maturity, through the issue of trust units, at current market price, such price not to exceed the fixed price of $6.62 per unit, and subject to a floor price of $5.61 U.S. per unit.

(6) The Fund issued 172,000 purchase warrants on September 30, 2003 that, in connection with the issue of $1.7 million of 2003 convertible debentures, provide the holder with the right, for a period of two years from date of issue, to acquire trust units of the Fund, at a fixed price of $8.60. The Fund issued 54,000 additional purchase warrants on November 10, 2003 as part of the final debenture closing, also at a fixed price of $8.60 per unit. Proceeds from the exercise of warrants will be used to fund new acquisitions or start-up of collision repair facilities and for general corporate purposes.

(7) The Fund issued 874,997 purchase warrants on February 2, 2004 in connection with a $14.0 million issue of units related to the Gerber acquisition. The warrants can be exercised to acquire trust units at a fixed price of $10.00 per unit, and will expire in three years from the date of issue. Proceeds from the exercise of the warrants will be used to fund new acquisition and start-ups of collision repair facilities and for general corporate purposes.

As part of the Arrangement, the Fund obtained voting control of Boyd Group Holdings Inc. through a special class of voting shares, while the economic interest in BGHI resides with the holders of the Class A common shares. Boyd Group Holdings Inc. is a mutual fund corporation established for the purpose of holding a non-controlling interest in the Company. The Class A common shares of BGHI are not listed for trading on any stock exchange.

Upon a request for retraction received from a shareholder at any time after the February 28, 2003 effective date and through to February 28, 2004, the Class A common shares of BGHI were retracted and exchanged for units in the Fund, according to the retraction rate in effect at the time of the exercise of such right of retraction. Subsequent to March 1, 2004, each Class A common share is now retractable for one unit of the Fund. This retraction is achieved by BGHI issuing Class B common shares to the Fund in exchange for units of the Fund, and the units so received are delivered to the Class A shareholders requesting retraction. During 2004, BGHI received requests and retracted 749,743 Class A common shares, issued 749,743 Class B common shares to the Fund and received 749,272 units of the Fund as consideration, which were delivered to the Class A shareholders in respect of the retraction. During the second quarter of 2004, the Fund sold its investment in the Class B common shares of BGHI to the Company. As a result, the Fund's investment in BGHI and the dividends received and receivable on such investment have been recorded as a reciprocal investment and netted with non-controlling interest.

Subsequent to December 31, 2004, BGHI has received requests to retract a total of 33,851 Class A common shares, has issued a total of 33,851 Class B common shares to the Fund, and has received a total of 33,851 units of the Fund as consideration, which have been or will be delivered to the Class A shareholders in respect of the retraction. The Fund anticipates that it will continue to sell any Class B shares of BGHI that it receives as a result of these retractions, to the Company, such that the Company's reciprocal investment in BGHI will increase and further offset the non-controlling interest of BGHI in the Company.

The holders of the Class A common shares receive cash dividends on a monthly basis at a rate established as a percentage of the cash distributions expected to be paid on trust units. During the first year following the effective date through February 28, 2004, holders of the Class A shares of BGHI received monthly cash dividends per share equal to 40% of the cash distribution paid per unit to holders of the Fund units. In the second year, for the period from March 1, 2004 through February 28, 2005, holders of the Class A shares received monthly cash dividends per share equal to 70% of the cash distribution per unit paid to holders of the Fund units. After this two-year period, effective for dividends declared after February 28, 2005, the monthly cash dividend per unit on Class A shares of BGHI will equal the monthly cash distribution per unit paid to holders of the Fund units.

On May 1, 2004, All-Consolidated Auto Rebuilders, Inc., one of the Fund's U.S. subsidiaries transferred a portion of its operating assets to Harvey LLC, a new corporation, in consideration for a 75% ownership in the new business. An employee of All-Consolidated Auto Rebuilders, Inc. contributed the remaining 25% equity into the new business. The operating results of the new entity have been included in the consolidated results of the Fund for the period from inception to December 31, 2004, with the 25% related party ownership reflected as non-controlling interest.

The following provides a continuity of the non-controlling interests in the Company from the February 28, 2003 effective date of the reorganization to December 31, 2003 and for the year ended December 31, 2004:

	2004		2003	
	Shares	**Amount**	Shares	Amount
Non-controlling interest, beginning of year	**2,062,863**	**$ 6,691,342**	-	$ -
Class A common shares of BGHI issued on February 28, 2003 in exchange for Class A (Restricted Voting) shares of the Company	-	-	2,062,863	$ 9,134,421
Less allocation of minority percentage of deficit of the Company at February 28, 2003	-	-	-	(759,639)
Balance, February 28, 2003	-	-	2,062,863	8,374,782
Less minority percentage of the loss of the Company for the period	-	**(1,648,633)**	-	(798,103)
Less minority percentage of the interest on equity component of convertible debt	-	**(71,343)**	-	(60,791)
Less dividends paid to BGHI	-	**(1,391,401)**	-	(705,500)
Less accrued dividend payable to BGHI	-	**(137,180)**	-	(78,389)
Less reciprocal investment by the Company in BGHI	-	**(3,278,465)**	-	(40,657)
Class A common shares retracted	**(749,743)**	**(3,043,795)**	(5,725)	(23,242)
Class B common shares issued for units in settlement for retractions	**749,743**	**3,043,795**	5,725	23,242
Add dividends received and receivable on Class B shares	-	**437,805**	-	-
Add portion of distributable profits of Harvey LLC	-	**47,078**	-	-
Add contribution by minority equity holder in Harvey LLC	-	**532,746**	-	-
Less foreign exchange adjustment in Harvey LLC	-	**(68,269)**	-	-
Non-controlling interest, end of year	**2,062,863**	**$ 1,113,680**	2,062,863	$ 6,691,342

On September 18, 2003 the Fund adopted a "Premium Distribution, Distribution Reinvestment and Optional Unit Purchase Plan" (the "DRIP"), which was first made available to unitholders of record on September 30, 2003. The DRIP allows eligible unitholders to direct that their monthly cash distributions received from the Fund be reinvested in additional trust units at a 5% discount to the average market price. The Fund records the value of the units issued under the plan at the market price net of the discount. The DRIP includes both a premium distribution option and a distribution reinvestment option which allows participants to elect to either have the additional trust units issued held for their account under the plan or have the additional units delivered to a designated broker in exchange for a premium cash distribution paid by the broker equal to 102% of the amount of reinvested distributions. From the date of plan inception through to December 31, 2003 unitholders elected to reinvest cash distributions of $185,500 under the premium distribution option and $51,167 under the distribution reinvestment option, for a total reinvestment of $236,667 from the cash distribution otherwise payable to unitholders during this period. During 2004, unitholders elected to reinvest cash distributions of $2,387,126 under the premium distribution option and $501,416 under the distribution reinvestment option. The Fund has reinvested these distributions in the Company and the Company plans to use the reinvested funds to repay senior debt, finance future capital expenditures, fund growth through acquisition or start-up of new collision repair facilities, and bridge short-term fluctuations in distributable cash. The Fund anticipates that it will continue to operate the DRIP in the foreseeable future and expects the level of reinvestment to continue at or near current levels.

On September 18, 2003, in conjunction with the Fund adopting the DRIP, The Boyd Group Inc. adopted a premium dividend reinvestment plan under which Boyd Group Holdings Inc., through its non-controlling interest in the Company, can direct that cash dividends received from The Boyd Group Inc. be reinvested in the Company in exchange for additional trust units in Boyd Group Income Fund. Under the terms of this plan, Boyd Group Holdings Inc. will also elect that the trust units received be delivered to a designated broker in exchange for a premium distribution equal to 102% of the reinvested amount. From the date of inception of this reinvestment plan to December 31, 2003 Boyd Group Holdings Inc. elected to reinvest a total of $194,680 of cash dividends it would otherwise have received during this period. BGHI also elected, during 2004 to reinvest $1,469,790 of dividends declared payable by the Company. The distributions reinvested by BGHI in the Company will be used to repay senior debt obligations, fund future capital expenditure requirements, finance growth through acquisition or start-up of new collision repair facilities and bridge short term fluctuations in distributable cash.

On January 28, 2005, the Fund acquired the business of the Globe Amerada Glass Network, based in Chicago, Illinois. A portion of the purchase price was financed by way of a $500,000 (U.S.) cash payment financed from excess cash generated from the Fund's DRIP programs in January and February 2005.

In conjunction with a $2.26 million offering of 2003 8% Convertible Subordinate debentures completed and issued in two closings on September 30, 2003 and November 10, 2003, the Fund issued 226,000 purchase warrants, at the rate of 100 warrants for each $1,000 of debenture issued, providing holders with the right to acquire, at a fixed exercise price of $8.60 per unit, a total of 226,000 units of the Fund. The warrants, issued in two series of 174,000 warrants on September 30, 2003 and 52,000 on November 10, 2003, will expire two years from their respective dates of issue and can be exercised with or without conversion of the underlying debenture. During 2004, the holders exercised 31,200 warrants issued in the September 30, 2003 series and 31,000 warrants issued under the November 10, 2003 series, to purchase 62,200 units of the Fund for total proceeds of $534,920.

In connection with the acquisition of The Gerber Group, Inc., the Fund completed, on January 19, 2004, an underwritten private placement offering of 1,750,000 Subscription Receipts at a price of $8.00 per receipt, for total proceeds of $14.0 million. Upon successful completion of the acquisition transaction on February 2, 2004, each subscription receipt was exchanged for one trust unit of the Fund and one-half purchase warrant. Each purchase warrant provides the holder with the right to acquire one additional trust unit for each whole warrant, at an exercise price of $10 per unit. The 874,997 warrants issued will expire three years from the effective issue date, being the closing date of the acquisition transaction, or February 2, 2007. During 2004, holders exercised a total of 2,500 of the 2004 warrants to purchase 2,500 units of the Fund for total proceeds of $25,000.

The Fund anticipates continuing to issue trust units as partial payment for acquisitions. The Fund will also continue to assess the need to issue new equity in 2005. The Fund expects to raise new debt or equity in advance of requiring the funds where a market opportunity exists and where the objective is to ensure ample capital is available for future growth.

Trading Partner Funding – Forgivable Capital & Loans

In July 1999, the Company entered into agreements with strategic trading partners, with subsequent amendments that provide, among other things, approximately $25 million in forgivable capital funding over a period of three to six years to be used to fund the acquisition or start-up of collision repair facilities. The forgivable capital funding is received in the form of pre-paid purchase rebates from the trading partners, is recorded as unearned rebates when received and is amortized as a reduction of cost of sales as the rebates are earned, pursuant to the terms of the agreement, over a period of 84 months from the date of receipt. Subject to certain obligations, performance criteria or certain events occurring, the Company is not required to repay this funding.

Under the terms of such agreements, the Company is obligated to purchase the trading partners' products on an exclusive basis for a term that extends beyond the 84-month amortization period. In exchange for this exclusive arrangement, and subject to certain conditions, the trading partners are required to continue to price their products competitively to the Company.

Early termination or default by the Company would require the Company to repay the aggregate un-amortized balance of funding received plus interest from the date of termination or default to the date of repayment.

The Company may also be required to repay the un-amortized balance of the forgivable capital funding received with respect to any particular acquisition or start-up, upon certain events occurring, such as sale or closure of a particular location for which funding was received. No amounts were required to be repaid under the terms of these agreements in 2003. In 2004, as a result of the sale of M&S Collision Center, Inc. in Indiana and the sale of the business assets of Service Collision Center, Inc. in Kansas, the Company with agreement from its trading partners, offset a repayment of $249,209 of the un-amortized forgivable funding balance against new amounts that would otherwise have been drawn during the fourth quarter.

In addition, in certain circumstances, failure to meet certain performance criteria with respect to a particular acquisition for which funding was received, can eliminate or reduce the amount of funding available for future acquisitions, or in certain circumstances, require that all or a material amount of funding be repaid. In 2003, forgivable capital funding that was requested and would otherwise have been available for the Autotek acquisition, in the amount of $90,000 could not be drawn, as the requested funding was reduced, in accordance with the agreement, by an adjustment amount relating to shortfalls in performance criteria for two acquisitions completed in 2001. In early 2004, the amount of forgivable funding

requested and otherwise available for the Gerber acquisition was reduced by an adjustment amount of $407,100 relating to shortfalls in performance criteria for prior acquisitions completed in 2001 and 2002.

As at December 31, 2004, after application of performance adjustment amounts relating to acquisitions prior to the Gerber funding, there were no other unapplied adjustment amounts resulting from performance tests relating to prior acquisitions that needed to be applied to reduce future acquisition funding. Performance criteria remain to be applied to certain acquisitions for which funding was received and, with the exception of the acquisitions of the AWC Collision Center ("AWC") and the Gerber acquisition, it cannot yet be determined if a performance shortfall will result in further adjustment amounts that could affect future funding. In the case of AWC, certain performance criteria are to be tested on or after January 1, 2005 and any adjustment amount determined is to be applied to reduce future funding for acquisitions between January 1, 2005 and March 31, 2006, after which time, in accordance with the current terms of the agreements, any adjustment amount would become repayable. Management has estimated that the 2005 performance test for AWC will result in an adjustment amount of approximately $2.6 million (U.S.) and if future funding requests for new acquisitions do not materialize, or if agreements with existing trading partners can not be amended or extended, this amount will become repayable on March 31, 2006. In the case of the Gerber acquisition, certain performance criteria are to be tested on or after July 1, 2005 and any adjustment amount determined is repayable within 30 days of the date on which the adjustment amount is determined. Although the final amount of any potential Gerber adjustment has not been determined, management estimates that as much as $1.2 million (U.S.) could be repayable. These potential liabilities will be mitigated by further funding requests resulting from additional acquisitions or start-ups during the first half of 2005. The Fund cannot predict the extent to which any such adjustment amount resulting from the AWC, Gerber or other future performance tests could be applied to reduce future acquisition funding. In addition, upon early termination or default by the Fund, any such performance adjustment amounts outstanding that have not been applied to reduce future acquisition funding would be repayable within 30 days of the date of termination, if the adjustment amount is known, or within 30 days of the date on which the adjustment amount could be determined.

The nature of this forgivable capital funding provides the Fund with another source of available capital, without interest cost or dilution, to support its acquisition strategy. During 2003, the Fund did not receive any new forgivable capital funding. Subsequent to December 31, 2003, the Fund, through its subsidiary, The Boyd Group Inc. requested forgivable capital funding of $7.1 million for the Gerber acquisition and on January 30, 2004 received $6.7 million after applying performance adjustment amounts from prior acquisitions. During the last half of 2004, the Fund received $2.0 million in additional forgivable capital funding as a result of the Atlanta acquisitions and new start-ups in Arizona and Illinois. The Fund has requested another $0.4 million, of which $0.3 million was received in January 2005, to assist in the financing of January 2005 acquisitions and a new start-up facility in Washington. Since the inception of the agreement with the trading partners, Boyd has received or expects to receive approximately $23.6 million, net of adjustments, of the $25 million available facility. The Fund anticipates that it will seek to either amend the existing agreement or negotiate a new facility that will continue to make forgivable capital funding available for acquisitions. The Fund cannot provide any assurance that such a new or amended facility will be available to fund future acquisitions and start-ups.

On November 10, 2003, the Company entered into an amendment of the agreement with its trading partners that provides for a $15 million acquisition loan facility to be used, in conjunction with the forgivable capital funding, to fund the acquisition and start-up of new collision repair businesses. The loan facility provides for a maximum draw of $5.0 million in any calendar year, commencing from the date the first loan is advanced and cumulative for subsequent years. Loan advances for any particular acquisition or start-up are subject to certain limits, and are in part dependent upon the amount of forgivable capital funding requested or available for a particular transaction. The agreement provided that the first $750,000 drawn on this new facility be deemed to be immediately forgiven and received as additional pre-paid rebates, to be earned immediately. Each loan advanced in respect of a transaction is to be supported by a Promissory Note, with a five-year term and annual interest-only payments, based on one year LIBOR rates plus 3.5%, due on the anniversary date of each note. The full principal amount of each note is due on maturity, or within 90 days of the date that the Fund elects to sell or close any business for which loan funding was provided and a promissory note balance remains outstanding. The promissory notes are subject to certain covenants and conditions, and are supported by a limited guarantee provided by 4612094 Manitoba Inc., a party related to the Fund. A guarantee fee, in the amount of $395,267, was approved by the Board of Directors on January 19, 2004, with an initial fee of $250,000 paid immediately and an additional fee of $145,267 paid on January 1, 2005.

In December 2003, the Fund requested the first draw under the new acquisition loan facility in the amount of $125,000 to fund the acquisition of the assets of Autotek Collision. The loan funding received was deemed to be immediately forgiven and received as pre-paid rebates, which are immediately earned and recorded as a reduction in cost of sales of the related products purchased from these trading partners. On January 31, 2004, the Fund received an additional draw of $9,875,000 on the acquisition loan facility to fund a portion of the Gerber acquisition. Of the loan funding received, the first $625,000 was deemed to be immediately forgiven and received as additional pre-paid product rebates, which were immediately

earned and recorded as a reduction in cost of sales in the first quarter of 2004. Effective January 1, 2005, the Fund has received an additional $3,328,620 in loan funding for the Atlanta, Abbotsford and Automation acquisitions as well as the Illinois and Arizona start-ups. The Fund has requested an additional $180,220 in loan funding for a new start-up in Washington. The Fund anticipates making additional draws upon this acquisition loan facility in respect of future acquisitions and start-ups of collision repair facilities.

On January 28, 2005, the Fund acquired Globe Amerada Glass Network, based in Chicago, Illinois. A portion of the purchase was financed by way of a five year $500,000 (U.S.) supplier loan due January 20, 2010. The note bears interest at U.S. prime rate plus 2% and is repayable in quarterly installments of $25,000 (U.S.). Interest on the loan shall be deferred and forgiven upon satisfaction of purchase and payment requirements under a supply agreement entered into between Boyd and the supplier as part of the conditions for the loan. Boyd anticipates that it will be able to meet these conditions and that the interest will be forgiven. Should interest become due, it becomes payable annually.

Debt Financing

In conjunction with the reorganization of Boyd and the initial public offering of trust units of Boyd Group Income Fund on February 28, 2003, the Fund entered into a new agreement with its senior lenders. The amended and restated credit agreement provided the Fund with a two year, interest-only, $21.0 million term facility and a $6.0 million operating line, subject to customary terms, conditions, covenants and other provisions common to other companies organized as income trusts. During the first quarter of 2004, the banks agreed to extend these senior credit facilities, originally maturing on February 28, 2005, to mature on April 1, 2005. Subsequently, the banks further agreed to extend the maturity of the senior credit facilities to July 1, 2005 while the parties negotiated a renewal of the credit agreement. On November 10, 2004 the Fund reached agreement with its senior lenders to renew its senior credit facilities effective September 30, 2004. Under the terms of the amended credit agreement, the Fund has increased its operating line from $6.0 million to $10.0 million and extended its term facilities until January 15, 2009. As part of the amendment the Fund made a $1.7 million U.S. payment of its term facility in the fourth quarter of 2004. The remaining term facility is a committed reducing facility in the amount of $10.5 million U.S., secured by a General Security Agreement and subsidiary guarantees, with incentive priced interest rates and subject to customary terms, conditions, covenants and other provisions for an income trust. The term facility will amortize quarterly with $0.3 million U.S. due in 2005, $1.2 million U.S. due in 2006, $2.4 million U.S. due in 2007, $4.0 million U.S. due in 2008 and $2.6 million U.S. due in 2009.

On September 30, 2003, the Fund completed a preliminary closing of $1,740,000 of 2003 8% Convertible Debentures. The debentures are convertible into Boyd Group Income Fund trust units at a price of $8.60 per trust unit and each $1,000 principal amount of debentures included warrants to purchase 100 trust units at an exercise price of $8.60. The debentures are repayable five years from the date of issue and holders have the option to convert at any time prior to maturity. The Fund has the option to redeem the debentures, one year after the date of issue, at a redemption price equal to 105% of the original principal amount, or two years after the date of issue up to the date of maturity, at a redemption price of 102.5% of the original principal amount. The Fund will also have the option, at either the time of redemption or at maturity, to repay the principal amount of the debentures either by issue of additional trust units at then market prices or by cash payment. The debentures rank subordinate to the senior bank debt and pari passu to the existing convertible debenture issues outstanding. The warrants issued in connection with the debenture offering will expire two years after the initial closing date. The Fund used proceeds of $0.3 million to pay costs of the offering, $0.6 million to settle a portion of existing interest rate swap contracts and the remainder to reduce senior bank debt. On November 10, 2003, the Fund completed a final closing of an additional $520,000 of 2003 8% Convertible Debentures and issued warrants to purchase 100 trust units at a price of $8.60 for each $1,000 of debenture issued. The Fund used the additional proceeds from the final closing of $0.5 million to settle all outstanding interest rate swap contracts in early January 2004.

On April 14, 2004 the Fund received approval from the senior lenders to sell the shares of M&S Collision Center, Inc., a U.S. subsidiary with a single collision repair facility located in Valparaiso, Indiana. Net cash proceeds from the sale, of approximately $1.1 million, were used to repay a portion of the senior term loans. The transaction closed on May 1, 2004.

The Fund has traditionally used capital leases to finance a portion of its maintenance capital expenditures. The Fund expects to continue to use this source of financing where available at favourable interest rates and on reasonable terms, although this financing also impacts the total leverage capacity under the senior credit facility covenants. At February 28, 2003, $3.9 million of the proceeds of the initial public offering were set aside in a cash reserve account to be used to fund future capital lease payments (principal and interest) relating to the outstanding balance of capital leases at December 31, 2002, of $3.3 million. At December 31, 2004, the cash reserve for capital leases totaled $1.2 million (December 31, 2003 - $2.6 million) and outstanding capital lease obligations totaled $1.6 million (December 31, 2003 - $2.2 million). During the fourth quarter of 2004, $652,000 of equipment expenditures were financed through capital leases in connection with the

three Chicago facility openings. The Fund anticipates continuing to use capital lease financing in connection with the opening of further start-up locations.

On February 2, 2004, the Fund indirectly, through the Company, issued exchangeable vendor notes to the three principal owners of Gerber in a total amount of $10.8 million ($8.1 million U.S.). The exchangeable notes bear interest at a fixed rate of 6.4% per annum, payable quarterly, commencing on May 1, 2004 and continuing to and including February 1, 2008. The entire principal balance of the notes is due and payable in four years, at the February 1, 2008 maturity date. The holders of the exchange notes have the right to exchange the notes for units of the Fund, at a fixed exchange price of $6.62 U.S. and in accordance with the following exchange formula:

(i) no portion of the note may be exchanged prior to the first anniversary of the date of note;

(ii) 40% of the original principal amount of the notes may be exchanged for units after the first anniversary and prior to the second anniversary of the date of the notes;

(iii) 60% of the original principal amount of the notes may be exchanged for units after the second anniversary and prior to the third anniversary of the date of the notes;

(iv) 80% of the original principal amount of the notes may be exchanged for units after the third anniversary and prior to the fourth anniversary of the date of the notes; and

(v) 100% of the original principal amount of the notes may be exchanged for units after the fourth anniversary and prior to the fifth anniversary of the date of the notes.

The rights of the holders to exchange the notes are also subject to certain terms and conditions of the purchase and sale agreement between the parties. The Fund has the right to repurchase units issued under terms of the exchange formula at market prices. The Fund also has the right, both upon settlement of the principal amount of the exchange notes at maturity or at any earlier time due to acceleration, to satisfy the principal balance of the notes through the issue of trust units, at the lesser of the $6.62 U.S. exchange price or a market price, subject to a floor price of $5.61 U.S. per unit.

The Fund expects to continue to supplement its debt financing by negotiating with vendors in certain acquisitions to provide financing to the Fund in the form of term notes. The notes payable to vendors are typically at favourable interest rates and for terms of 5-10 years. This source of financing is another means of supporting the Fund's growth, at a relatively low cost. During 2004, the Fund repaid vendor loans totaling approximately $94,000. On August 16, 2004, the Fund acquired the shares of Cartech of Decatur, Inc. and Cartech of Towncenter, Inc., located in Atlanta. In order to facilitate the financing of these two acquisitions, two new vendor notes were issued totaling $871 thousand U.S. The first note, in the amount of $371,000 U.S. was payable January 31, 2005 and bears interest at 8.0% per annum if not repaid by that date. This note intended to bridge the timing gap from August 31, 2004 to January 31, 2005, at which time it was replaced by a similar amount of trading partner debt. The trading partner debt was received in January 2005 as planned and the $371,000 U.S. note was repaid on its due date. The second note, in the amount of $500,000 U.S. bears interest at 4.0% per annum and is repayable in $50,000 U.S. annual installments each August 16 (beginning in 2005) for four years with a $300,000 U.S. final payment on August 16, 2009. The Fund has the option to make principal repayments either in cash or trust units.

On January 28, 2005, the Fund acquired the business of the Globe Amerada Glass Network, based in Chicago, Illinois. A portion of the purchase price was financed by way of a $500,000 (U.S.) vendor exchangeable note due January 28, 2010. The exchangeable note bears interest at a fixed rate of 6.0% per annum, payable quarterly, commencing on April 28, 2005 and continuing to and including January 28, 2010. The entire principal balance of the note is due and payable in five years, at the maturity date. The holders of the exchange note have the right to exchange the note for units of the Fund, at a fixed exchange price of $6.75 U.S. and in accordance with the following exchange formula:

(i) no portion of the note may be exchanged prior to the first anniversary of the date of note;

(ii) 10% of the original principal amount of the note may be exchanged for units after the first anniversary and prior to the second anniversary of the date of the note;

(iii) 15% of the original principal amount of the note may be exchanged for units after the second anniversary and prior to the third anniversary of the date of the note;

(iv) 15% of the original principal amount of the note may be exchanged for units after the third anniversary and prior to the fourth anniversary of the date of the note; and

(v) 30% of the original principal amount of the note may be exchanged for units after the fourth anniversary and prior to the fifth anniversary of the date of the note;

(vi) 30% of the original principal amount of the note may be exchanged for units on or after the fifth anniversary of the date of the note.

The rights of the holders to exchange the note are also subject to certain terms and conditions of the purchase and sale agreement between the parties. The Fund has the right to repurchase units issued under terms of the exchange formula at market prices. The Fund also has the right, both upon settlement of the principal amount of the exchange note at maturity or at any earlier time due to acceleration, to satisfy the principal balance of the note through the issue of trust units at market prices, subject to a floor price of $5.00 U.S. per unit.

The Fund anticipates, as part of its ongoing strategy to grow through acquisition and start-up of new collision repair facilities, continuing to source new debt financing to supplement contributed equity and minimize dilution to unitholders.

Investing Activities

Cash used in investing activities totaled $31.9 million for 2004, compared to $1.8 million in the prior year. The increased use of cash in investing activities primarily consisted of $28.5 million invested in Gerber and Atlanta long-term tangible assets, intangible assets and goodwill.

Acquisitions & Start-Ups

On February 2, 2004, the Fund purchased 100% of the shares of The Gerber Group, Inc., a market leading collision repair group operating in the greater Chicago, Illinois area. The group operated 16 repair facilities, with two additional facilities under development. The acquisition was financed through a combination of prepaid rebates and acquisition loans from trading partners, vendor exchange notes and a portion of a $14 million private placement. In June 2004, the Fund purchased the business assets of Best Way Auto Repair, also located in Chicago, Illinois, to facilitate the development of the new Northwest Highway start-up in this market.

The Fund also completed two additional transactions during the year as follows:

i) On July 30, the Fund acquired the remaining 50% of the shares in 1st Choice Mobile Auto Glass Dealers Inc., in Vancouver, British Columbia. The Fund had previously acquired 50% of the shares, representing a joint venture interest, on March 1, 2003.

ii) On August 16, the Fund acquired 100% of the shares of Cartech of Decatur, Inc. and Cartech of Towncenter, Inc., both located in Atlanta, Georgia.

The Fund has accounted for these acquisitions using the purchase method as follows:

	2004			2003
Identifiable net assets acquired at fair value:	The Gerber Group Inc.	Other Acquisitions	**Total**	
Current assets	$ 8,794,085	$ 778,216	**$ 9,572,301**	$ 127,146
Property, plant and equipment	3,103,382	719,954	**3,823,336**	245,832
Identified intangible assets				
Customer relationships	14,590,400	-	**14,590,400**	-
Brand name	3,979,200	-	**3,979,200**	-
Non-compete agreements	1,989,600	-	**1,989,600**	-
Software customization costs	464,240	-	**464,240**	-
Liabilities assumed	(6,412,616)	(584,974)	**(6,997,590)**	(195,756)
Identifiable net assets acquired	26,508,291	913,196	**27,421,487**	177,222
Goodwill	11,937,422	2,051,969	**13,989,391**	350,539
Total purchase consideration, including acquisition costs	$ 38,445,713	$ 2,965,165	**$ 41,410,878**	527,761

Consideration provided				
Cash	$ 27,659,428	$ 1,153,365	**$ 28,812,793**	427,761
Trust units	-	500,000	**500,000**	100,000
Vendor exchange notes	10,786,285	1,311,800	**12,098,085**	-
Total consideration provided	$ 38,445,713	$ 2,965,165	**$ 41,410,878**	$ 527,761

The preliminary purchase price previously reported in the interim financial statements for acquisitions has been revised to reflect the identification and valuation of certain intangible assets. The customer relationships, non-compete agreements and software customization costs are definite life intangibles and are being amortized over their estimated useful life. The Gerber brand name is an indefinite life intangible and will be tested for impairment on at least an annual basis. The effect of recognizing these intangible assets reduced goodwill as reported in the 2004 unaudited interim financial statements by a corresponding amount. Additions to goodwill during the year for U.S. acquisitions will be deductible for tax purposes except for $550,990. Of the total additions to goodwill described above, $629,590 relate to the Canadian geographic segment.

During 2004, additional purchase price paid on prior years acquisitions, as a result of certain contractual agreements, amounted to $260,541 (2003 - $234,150) of which $nil (2003 - $nil) was paid by issuing additional units. The additional purchase price paid was allocated to goodwill. Certain acquisitions include unit price guarantees or provisions for contingent purchase price amounts if certain financial performance is achieved.

During the third and fourth quarters of 2004, the Fund continued the development of five new collision repair facilities in the Chicago metropolitan area and one in Arizona. Three of these facilities, all located in the Chicago market, were officially opened for business by the end of the year. One of the two remaining Chicago facilities has commenced operations but is still in its pre-operating period. The remaining Chicago and Arizona start-ups are currently being operated as satellite facilities while they continue to be developed into full service collision repair centres. Satellite facilities serve as customer drop off and delivery sites. The Fund anticipates that the remaining three new locations will be fully operational during the first half of 2005.

During 2003, the Fund, through its operating subsidiaries, acquired interests in two collision repair facilities:

i) On March 1, 50% of the shares, representing a joint venture interest in 1st Choice Mobile Auto Glass Dealers Inc., in Vancouver, B.C.

ii) On November 24, the assets and business of Autotek Collision Repairs in Vancouver, B.C.

Capital Expenditures

Excluding expenditures related to acquisition and expansion (including branding and facility upgrades financed from proceeds of the income trust offering), the Fund spent approximately $668 thousand or 0.4% of sales on sustaining capital expenditures during 2004, compared to $645 thousand or 0.5% of sales during 2003. The Fund expects that the level of sustaining capital expenditures, including cash outlays and new capital lease financing of sustaining capital expenditures, will remain below 1% of sales for 2005.

In conjunction with the reorganization to the income trust structure, the Fund set aside $2.0 million of the proceeds of the initial public offering as a reserve to fund capital expenditures specifically related to branding and upgrading of collision repair facilities. In addition, as part of the renewal of the senior credit facilities, which was effective September 30, 2004, the Fund set aside an additional $2.0 million from the proceeds of the $14.0 million private placement completed in February 2004, in part, to fund the acquisition of The Gerber Group, Inc. Of this $14.0 million private placement proceeds, only approximately $12.0 million was originally required to finance the acquisition. The additional reserve along with the remaining balance of the initial $2.0 million branding and upgrading reserve, will cover all future sustaining capital, branding and upgrade expenditures of the Fund until exhausted. These reserved capital expenditures are excluded from the calculation of distributable cash from the effective date of the reserves. The Fund has used approximately $1.4 million of the $4.0 million in reserves toward branding and facility upgrades to date and for sustaining capital expenditures since June 30, 2004.

During 2004, the Fund disposed of equipment, principally consisting of courtesy vehicles, for net proceeds totaling $325 thousand compared to total proceeds from equipment disposals of $194 thousand in 2003. The Fund anticipates that it will continue to generate proceeds on disposal of equipment, and particularly courtesy vehicles as these vehicles are purchased off capital leases and ultimately sold. Fewer courtesy vehicles are being replaced due to the growth of loss-of-use insurance policies, which provide policyholders with rental vehicles. Where courtesy vehicles have been replaced, these replacements have, in certain circumstances, been obtained using operating leases.

RELATED PARTY TRANSACTIONS

During the year, the Fund engaged in the following transactions with related parties:

a) Management services fees paid to C.C. Collision Repair Management Limited Partnership ("C.C. Repair") totaling $909,633 (2003 - $924,767). C.C. Repair, an entity owned by parties related to senior officers of the Fund, employs all of the Fund's operations managers for its Manitoba locations, as well as certain senior corporate management staff and provides the services of these personnel to the Fund under contract. Other than $24,000 (2003 - $24,000), all of the management fees collected by C.C. Repair were in turn paid out in expenses, either directly or indirectly to these employees of C.C. Repair for salaries, wages and benefits, or for other expenses associated with the delivery of management services.

b) Property rent totaling $51,440 (2003 - $51,426) paid to 3577997 Manitoba Inc., a subsidiary of Coast to Coast Collision Centres Inc, an entity owned by parties related to senior officers of the Fund. The payments represent premises rental expense for the Fund's collision repair location at 139 Main Street, Selkirk, Manitoba, which is owned by 3577997 Manitoba Inc. The property lease for this location does not contain any significant non-standard terms and conditions that would not normally exist in an arm's length relationship, and the Fund has determined that the terms and conditions of the lease are representative of fair market value.

c) The Fund's subsidiary, The Boyd Group Inc., has declared dividends totaling $650,874 (2003 - $333,781), through BGHI to 4612094 Manitoba Inc. ("Management Holdco"), an entity owned directly or indirectly by senior officers of the Fund. 4612094 Manitoba Inc. owns 878,372 Class A common shares and 30,000,000 voting common shares of BGHI, representing approximately 30% of the total voting shares of BGHI.

d) On November 10, 2003, 4612094 Manitoba Inc. provided a limited guarantee, on behalf of the Company, in order to obtain acquisition financing from certain trading partners. A guarantee fee, in the amount of $395,267, was approved by the Board of Directors on January 19, 2004, with an initial fee of $250,000 payable immediately and an additional fee of $145,267 which was paid January 1, 2005.

e) On February 1, 2004, the Company issued $8.1 million of exchangeable notes to the vendors as part of the purchase of The Gerber Group, Inc. The Company has retained the former owners of Gerber in senior officer positions in its U.S. operations. During 2004, the Company paid interest on the exchangeable notes to these senior officers totaling $250,709.

f) On May 1, 2004, All Consolidated Auto Rebuilders, Inc. one of the Fund's U.S. subsidiaries transferred a portion of its operating assets to a new entity, Harvey LLC, in consideration for a 75% ownership in this new business. An employee of All-Consolidated Auto Rebuilders, Inc. contributed the remaining 25% equity to the new business. The operating results of the new entity have been included in the consolidated results of the Fund for the period from inception to December 31, 2004, with the employee's 25% ownership reflected as part of the non-controlling interest. The Fund provided a loan, in the amount of $341,000 U.S. to this employee, to assist the employee in acquiring the 25% equity interest in Harvey LLC. The Fund has recorded the loan as a note receivable from the employee, receivable from the distributable profits of the Harvey LLC business.

g) Property rent totaling $108,336 was paid to Gerber Building No. 1 Partnership, an entity owned 40% by senior officers of Gerber. The payments represent premises rental expense for the Fund's collision repair location at 275 Sundown Road, South Elgin, Illinois. The property lease for this location does not contain any significant non-standard terms and conditions that would not normally exist in an arm's length relationship.

h) Autofit Retainers & Tools, a supplier of automotive parts, recorded sales to the Fund in the amount of $55,348 (2003 - $64,348) of which $8,856 (2003 - $12,329) was allocated as income to The Terry Smith Family Trust. The supplier relationship between Autofit Retainers & Tools and the Fund does not include any non-standard terms.

i) Certain advertising and related expenses are paid to CMS Inc., a company owned by the spouse of a senior management employee of the Fund. During 2004, these expenses amounted to $160,465 (2003 - $155,452) and are accounted for at the exchange amount.

FINANCIAL INSTRUMENTS

For the Fund's current financial assets and liabilities, which are subject to normal trade terms, the historical cost carrying values reasonably approximate the fair value of these financial instruments.

As there is no ready market for the Fund's long-term debt, capital lease obligations, convertible debentures and exchangeable notes, the fair value of these financial instruments has been estimated using approaches based on the discounted cash flow method. The fair value of these items using the discounted cash flow method is approximately equal to their current carrying values.

The Fund uses the following financial instruments in the conduct of its business:

1) Bank term debt, interest rate swaps and foreign exchange forward contracts

The Fund has used bank term debt in the past to acquire new collision repair facilities or invest in the development of collision repair facilities. The bank term debt is subject to normal trade terms and the historical cost carrying values of the debt reasonably approximate the fair value. The term bank debt is denominated entirely in $U.S., and the Fund has designated this debt as an effective partial long-term hedge of Boyd's investment in self-sustaining U.S. operations.

As a part of the plan of reorganization to the income trust structure, and as a result of amendments to the term loan facility to a shorter term, two-year interest only facility, the Fund recognized the need to move to a shorter term strategy, and recognized an opportunity to significantly reduce term debt and interest costs, through a combination of direct debt reduction and the unwinding of the existing interest rate swap agreements utilizing proceeds of the debenture and trust unit offerings. The Fund specifically established an objective to settle outstanding interest rate swap contracts to significantly lower current interest costs and realign hedging to the shorter term of the new credit facilities. From the date of the reorganization through to January 7, 2004 the Fund progressively settled the outstanding amortizing interest rate swap contracts as funds were raised through offerings. The costs of settling these contracts were charged to income as the contracts were settled, on the basis that these contracts no longer represented an effective hedge of the term loans which were restructured under the income trust.

On March 1, 2004, the Fund entered into a new interest rate swap contract, for a one year term aligned with the February 28, 2005 maturity date of $12 million U.S. in term loans, that provides for a fixed rate of interest of 1.58% plus spread of 2.50- 2.75% in exchange for variable interest based on 90-day LIBOR advances. During the fourth quarter of 2004 and in conjunction with a $1.7 million (U.S.) bank term debt repayment, the Fund unwound $1.5 million (U.S.) of the swap contract for an insignificant cost to realign the swap contract with the remaining $10.5 million (U.S.) in bank term debt.

On December 10, 2004, the Fund entered into an amortizing forward interest rate swap contract for the period starting March 1, 2005 and ending January 15, 2009. The contract, for an initial amount of $10.5 million (U.S.), amortizes at the same rate as the Fund's U.S. bank term debt facility is repaid. The contract provides for a fixed rate of interest of 4.0% plus spread of 2.0 – 3.25% in exchange for variable interest on 90-day LIBOR advances.

The Fund has some partial natural hedges in place against fluctuations in the U.S. dollar, the most significant of which is the significant amount of U.S. dollar debt resident in the United States. However, approximately $3.0 - $4.0 million (U.S.) in cash flow is repatriated to Canada annually to partially fund Canadian dollar distributions. On December 23, 2004, in order to partially protect this cash flow from the negative influences of the weakening U.S. dollar, the Fund entered into a series of U.S. dollar forward exchange contracts. The contracts sell U.S. dollars in increments of $250,000 (U.S.) each quarter beginning March 21, 2005 and ending December 22, 2008, at rates that vary from $1.2223 to $1.2278 Canadian for each $1.00 U.S. and provide for an average fixed rate sale of U.S. dollars at the rate of $1.2241 for each U.S. dollar over the term of the contracts. The Fund is monitoring the U.S. dollar exchange market and anticipates it may hedge additional future cash flows.

2) Convertible debentures and exchange notes

The Fund has used, and will continue to use, convertible debentures as an alternative means of raising capital where more traditional sources of bank or similar debt are not readily available and the immediate cost or availability of equity financing is unfavourable. In December 2002, the Company reached an agreement with the holders of the 1998 Series I debentures to extend the term of the debentures for five years and to allow the outstanding principal amount of the debentures to be settled at maturity, at the Company's option, by issue of units or payment of cash. The Fund also issued new series of convertible debentures in December 2002 and September and November 2003, with similar five year terms and settlement provisions. In addition, in February 2004 and January 2005, the Fund, though its U.S. subsidiary, issued five year exchangeable notes to the sellers of The Gerber Group Inc. and the Globe Amerada Glass Network, respectively. The exchange notes have features essentially similar to the convertible debentures, except that exchange at the option of the holders is restricted to certain quantities and time periods. All of these financial instruments are compound in nature, embodying both a liability and an equity component. The Fund has established the fair value of the liability component of these instruments using the discounted cash flow method applied using a discount factor based on a non-convertible subordinate debt instrument with similar terms and conditions. The equity component of the debentures or notes is arrived at by deducting the liability component, as determined above, from the total face value of the debentures or notes at the time of issue. Interest payments on the debentures or notes are charged to the income statement to the extent the payments relate to the debt component of the debentures, while the remaining amount is accreted as a charge against the equity component of the debentures or notes.

3) Warrants

The Fund issued 226,000 purchase warrants in connection with the convertible debenture offering completed in September and November 2003. The warrants expire two years from the date of issue and allow holders to acquire trust units at a fixed price of \$8.60 per unit. The weighted average fair value of the purchase warrants was estimated at the date of issue using a binomial option pricing model, with the following weighted average assumptions used for the warrants granted: dividend yield of 13.25%, expected volatility of 19.4%, risk free interest rate of 4.35%, and expected life of the warrants of 2 years. The weighted average fair value of the warrants at issuance was estimated at \$92,300 or \$0.41 per warrant based upon the above assumptions. The fair value of the warrants was separated as a component of equity, separate from the debt and equity components of the related convertible debentures.

During 2004, the Fund, in connection with the \$14 million offering of subscription receipts and the Gerber acquisition, issued 874,997 purchase warrants on February 2, 2004, providing holders with the right to acquire trust units at a fixed price of \$10.00 per unit and exercisable for a period of 3 years from the date of issue. The warrants can be exercised without conversion of the underlying debenture. The weighted-average fair value of the warrants at issuance was estimated at \$422,700 or \$0.48 per warrant. The fair value of each warrant was estimated using a binomial option pricing model with the following weighted average assumptions used for the warrants granted: dividend yield 13.25%, expected volatility 18.7%, risk free interest rate 4.35%, and expected life of the warrants of 3 years.

CRITICAL ACCOUNTING ESTIMATES

The preparation of financial statements that present fairly the financial position, financial condition and results of operation in accordance with Canadian generally accepted accounting principles requires that the Fund make estimates and assumptions that affect the reported amounts of assets and liabilities, the disclosure of contingent assets and liabilities at the balance sheet date and reported amounts of revenues and expenses during the reporting period. Actual results could differ materially from these estimates. The following is a summary of critical accounting estimates and assumptions that the Fund believes could materially impact its financial position, financial condition or results of operations:

1) Goodwill and Intangible Assets Valuation and Asset Impairment

The Fund has acquired a significant number of collision repair businesses and has recorded goodwill and other intangible assets on the acquisition of these businesses with a current book and fair value of approximately \$56.6 million. The Fund, in accordance with CICA Handbook Section 3062 Goodwill and Other Intangible Assets, effective January 1, 2002, has established a process for testing the valuation of goodwill and intangible assets on an annual basis for purposes of determining impairment. In order to establish that the carrying value of net assets, including goodwill, for a particular business reporting unit, exceeds the fair value, the Fund is required to make significant estimates and assumptions that relate to matters that are highly uncertain at the time the estimates are made.

When evaluating goodwill, the Fund uses the recorded historical cash flows of the reporting unit for the most recent two years, and an estimate or forecast of cash flows for the next year. The Fund also utilizes historical, normalized

cash flow multiples from the actual acquisition transactions completed, adjusted for assumptions regarding the impact of current economic conditions, industry and market performance. Values of reporting units are arrived at by applying assumed cash flow multiples to average cash flows over the combined actual and forecast period. Qualitative factors, including market presence, strength of DRP relationships, strength of regional and local management, degree of variability in cash flows and other factors are considered in making assumptions regarding adjusted cash flow multiple factors. The Fund has not changed its approach or method of evaluating goodwill since it adopted this methodology. Goodwill write downs, when determined, reduce the carrying value of goodwill on the balance sheet and are recorded as a separate charge to income, and could materially impact the operating results of the Fund for any particular accounting period. Goodwill write downs would typically be non-cash charges since the valuation is being performed on assets acquired and related cash outflows from prior investments. In 2004, the Fund, after completing the ongoing evaluation of goodwill, recorded total write downs of $1.9 million related to operations in Georgia (2003 - $0.4 million related to operations in Washington state).

In accordance with CICA Handbook Section 3062 – Goodwill and Other Intangible Assets and as part of the acquisition of The Gerber Group Inc., several identifiable intangible assets were recognized during the year as follows:

(1) Customer relationships represent the "best in class" reputation Gerber has with respect to its significant industry customers and DRP's throughout the U.S. Initially valued at $11.0 million (U.S.), this intangible asset is carried at fair market value less accumulated amortization to date. The relationships are expected to have a benefit over twenty years and are being amortized on a straight-line basis over that period.

(2) The "Gerber Collision & Glass" brand name has been identified and valued at $3.0 million (U.S.) based upon the reputation and strength of the Gerber name in the U.S. market. The name is considered to have an indefinite life and will be tested for impairment annually. Because of the brand's strength, Boyd began to re-evaluate its common branding strategy in the U.S. during the first quarter of 2004 and decided to implement the new brand across its U.S. operations.

(3) Non-compete agreements are in place with certain key managers of the Gerber Group. These agreements were considered critical in terms of the retention of Gerber's professional management team. The cost of these agreements, valued at $1.5 million (U.S.) is carried at fair market value less accumulated amortization to date. The agreements are being amortized on a straight-line basis over the three-year life of the contracts.

(4) Software customization costs represent certain add-ons developed by Gerber to their existing management software programs. As a result of these software developments Gerber has been able to supplement its efficiency in areas such as call centre technology and statistical measurement of its services to the insurance industry. These costs, valued at $350,000 (U.S.) are being amortized on a straight-line basis over a period of five years.

2) Fair Value of Financial Instruments

The Fund has applied discounted cash flow methods to establish the fair value and carrying values of certain financial liabilities and equity instruments recorded on the balance sheet, as well as disclosed in the notes to the financial statements.

As discussed under Financial Instruments, the liability component of each of the three convertible debenture issues and the vendor exchange notes that are currently outstanding, were established by applying discount factors to the future interest payments (cash flow) at the time of issue. Selection of the appropriate discount factor, based on similar non-convertible subordinate debt securities is a matter of professional judgement and is a key assumption in establishing the carrying value of the liability and equity components and can have a material impact on the established carrying values. The Fund believes that the appropriate discount factor has been applied to establish the fair values of the liabilities, but acknowledges that this is a critical estimate, subject to significant uncertainty from period to period.

The Fund has also obtained mark-to-market valuations of its interest rate swap contracts and forward foreign exchange contracts, which are assumed to represent the current fair value of these instruments. These valuations rely on assumptions regarding future interest and exchange rates as well as other economic indicators, which at the time of establishing fair value for disclosure purposes, have a high degree of uncertainty. These instruments have been formally designated as hedges of the underlying variable interest rates and cash flows inherent in the Fund's income trust structure. Unrealized gains or losses on these derivative financial instruments may never be realized as markets change.

3) Performance to Trading Partner Agreements

The Fund is required, when applying to its trading partners to obtain forgivable capital funding in the form of prepaid rebates at the time of undertaking an acquisition or start-up of a new collision repair business, to make critical estimates regarding the future performance of the acquired business or start-up operation. Forgivable funding received is based directly on these estimates of future financial performance. In subsequent financial periods, more than a year after the date of acquisition or start-up of a new collision repair business, the Fund is required to measure its actual performance against the performance criteria and estimates. Failure to meet certain performance criteria with respect to a particular acquisition for which funding was received can eliminate or reduce the amount of funding available for future acquisitions, or in certain circumstances, require that all or a material amount of funding be repaid. During 2003 and in early 2004, the Fund applied such adjustment amounts arising from performance tests completed on prior acquisitions to reduce funding received on the Autotek and Gerber acquisitions. No adjustment amounts were required for the remainder of 2004.

Performance criteria remain to be applied to certain acquisitions for which funding was received and, with the exception of the acquisitions of AWC and Gerber, it cannot yet be determined if a performance shortfall will result in further adjustment amounts that could affect future funding. In the case of the acquisition of AWC, certain performance criteria are to be tested on or after January 1, 2005 and any adjustment amount determined is to be applied to reduce future funding for acquisitions between January 1, 2005 and March 31, 2006, after which time, in accordance with the current terms of the agreements, any adjustment amount would become repayable. Management has estimated that the 2005 performance test for AWC will result in an adjustment amount of approximately $2.6 million (U.S.) and if future funding requests for new acquisitions do not materialize, or if agreements with existing trading partners can not be amended or extended, this amount will become repayable on March 31, 2006. In the case of the Gerber acquisition, certain performance criteria are to be tested on or after July 1, 2005 and any adjustment amount determined is repayable within 30 days of the date on which the adjustment amount is determined. Although the final amount of any potential Gerber adjustment has not been determined, Management estimates that as much as $1.2 million (U.S.) could be repayable. These potential liabilities will be mitigated by further funding requests resulting from additional acquisitions or start-ups during the first half of 2005. The Fund cannot predict the extent to which any such adjustment amount resulting from the AWC, Gerber or other future performance tests could be applied to reduce future acquisition funding.

CHANGES IN ACCOUNTING POLICIES

The Fund did not adopt any changes to existing accounting policies during 2004.

BUSINESS RISKS AND UNCERTAINTIES

The Fund and the Company are subject to certain risks inherent in the operation of the business, including the ability of the Company to generate available cash, the dependence of the Fund on the Company to receive interest income on the notes and dividend income on the Class I shares, income tax matters affecting the tax treatment of unitholders and the Fund, the nature of income trust units, unitholder limited liability, the potential of further dilution of unitholders' interests in the Fund, retaining key members of the executive team, customer concentration in certain public insurance markets, competition from other businesses, competition from other acquirors of collision repair businesses, ongoing access to sources of capital, increases in operating costs caused by general and location specific economic conditions, labour relations, environmental and regulatory risks and changes in interest rates, tax rates, foreign currency exchange rates and other operating expenses. The Fund manages risk and risk exposures through a combination of insurance, its system of internal controls and sound operating practices.

Cash Distributions Not Guaranteed

The Fund receives cash in the form of interest payments on the Notes and distributions from the Company, as well as distributions from BGHI. The Fund intends to distribute the cash it receives, net of expense and amounts reserved, to unitholders. The actual amount of cash received and ultimately distributed by the Fund will depend upon numerous factors, including profitability, fluctuations in working capital, sustainability of margins, and required capital expenditures of the Company. There can be no assurance regarding the amount of distributable cash generated by the Company, and therefore no assurance as to the amount of cash distributed by the Fund.

Dependence upon The Boyd Group Inc.

The Fund is an unincorporated open-ended, limited purpose mutual fund trust which will be entirely dependent upon the operations and assets of the Company through the Fund's ownership of the Notes and Class I shares of Company and the Boyd Group Holdings Inc. Class B common shares, if any. Accordingly, the Fund's ability to make cash distributions to the unitholders will be dependent upon the ability of the Company to pay its interest obligations under the Notes and to declare dividends or other distributions.

Dependence on Key Personnel

The success of the Company is dependent on the services of a number of members of management. The experience and talent of these individuals will be a significant factor in Boyd's continued success and growth. The loss of one or more of these individuals could have a material adverse effect on the Company's business operations and prospects. The Company has entered into management agreements with key members of management in order to mitigate this risk.

Available Cash and Cash Reserves

Boyd's ability to pay interest on the notes issued to the Fund or to make dividend distributions on its Class I and II shares will be subject to the Company's ability to generate available cash. Available cash will be determined after any provision for cash reserves. The additional amount allocated to cash reserves, excluding cash reserves resulting from reduced distributions to Boyd Group Holdings Inc., in any period is anticipated to be less than 10% of available cash, calculated before the allocation to cash reserves. There is no guarantee however that cash reserves will constitute less than 10% of available cash in any given period, and accordingly, the Company's ability to pay interest on the notes issued or to make dividend distributions on its Class I and Class II shares may be restricted.

Risks Associated with Acquisition Strategy

The Company's objectives include plans to continue to increase revenues and earnings through the acquisition of additional collision repair facilities. There can be no assurance that the Company will be able to identify and acquire additional collision repair facilities. There can be no assurances that the acquired companies will continue to achieve sales and profitability levels achieved historically to justify the Company's investment. Further, there can be no assurances that the Company will be able to continue to acquire facilities with the current pricing model should competition for the target facilities intensify.

Risks Associated with Start-Up Strategy

The Company's objectives include plans to continue to increase revenues and earnings through the start-up of additional "Greenfield" collision repair facilities. The Company attempts to identify locations and demographic factors that will more than support management's estimates of future performance and that at a minimum will provide for accretive results. There can be no assurance that the Company will be able to identify additional opportunities that would support the continued start-up of new repair facilities. Further, there can be no assurances that the start-ups will achieve sales and profitability levels anticipated by management to justify the Company's investment.

Potential Undisclosed Liabilities Associated with Acquisitions

To the extent that the prior owners of businesses acquired by Boyd failed to comply with or otherwise violated applicable laws, the Company, as the successor owner, may be financially responsible for these violations and any associated undisclosed liability. The discovery of any material liabilities, including but not limited to legal and environmental liabilities, could have a material adverse effect on the Company's business, financial condition and future prospects. The Company seeks, through systematic investigation and due diligence, and through indemnification of former owners, to minimize the risk of material undisclosed liabilities associated with acquisitions.

Inability to Successfully Integrate Acquisitions

A key element of the Company's strategy is to successfully integrate acquired businesses in order to expand and enhance profitability. There can be no assurance that the Company will be able to profitably integrate and manage additional repair

facilities. Successful integration can depend upon a number of factors, including the ability to retain and motivate certain key management and staff, leverage customer and supplier relationships and implement standardized procedures and best practices. In the event that any significant acquisition cannot be successfully integrated into Boyd's operations or performs below expectations, the business could be materially and adversely affected.

Expansion into the United States

Boyd views the United States as having significant potential for market expansion of its business. There can be no assurance that any market for the Company's products will develop in these markets. Local laws and the presence of competition in certain jurisdictions may limit the Company's capability to successfully expand operations into these markets.

Loss of Key Customers

A high percentage of the Company's revenues are derived from insurance companies in private insurance markets, who over the past decade have implemented Direct Repair Programs ("DRP") with collision repair operators who have been recognized as consistent high quality repairers in the industry. The Company's ability to continue to grow the business in these markets, as well as maintain existing business volume, is largely reliant on the ability to maintain the DRP relationships throughout existing and acquired facilities. The Company continues to develop and monitor these relationships through formal agreements and ongoing measurement of the success factors considered critical by the insurance customer. The loss of any existing material DRP relationships could have a materially adverse effect on Boyd's operations and business prospects.

Government Operated Insurance

The collision repair industry in Manitoba, Saskatchewan, and British Columbia is subject to significant government regulation and participation via the presence of government owned public insurance companies in these markets. In 2004, Boyd derived approximately 20% of its revenue from these markets, compared to 26% in the prior year. As a result of this government participation, the ability of Boyd, or any other collision repair provider, to control the level of payment for services is limited. Any change in the level of government control and participation in the industry could potentially have an adverse affect on the Company, however, if any change were to occur, Boyd believes that it will be in a position which is as good as, or better than most industry participants to deal with, or take advantage of, any such change. As the Company continues to expand in other markets, such as the U.S. market, its percentage of sales from these markets has and will continue to diminish.

Competition

The collision repair industry in North America, estimated at approximately $40 billion, while in the very early stages of consolidation, is very competitive. Competition in this industry exists mainly on a regional basis with the main competitive factors being price, service, quality and adherence to various insurance company performance indicators. There can be no assurance that Boyd's competitors will not achieve greater market acceptance due to pricing or other factors.

Although competition exists mainly on a regional basis, Boyd competes with a small number of other multi-location collision repair operators, in multiple markets in which it operates. Insurers are recognizing the benefits associated with utilizing the larger collision repair consolidators in multiple markets and as such, more and more DRP relationships are becoming national in scope. No single operator within this group is dominant over the others, either in terms of size or geographic coverage, and the Company estimates that, as a group, consolidators have less than 5% market share. All of the other known multi-unit operators, other than Boyd, are currently headquartered and have the majority of their operations in the U.S. The Company anticipates facing increasing competition as it focuses more of the acquisition effort and expansion in the U.S. market.

Given these industry characteristics, existing or new competitors may become significantly larger and have greater financial and marketing resources than Boyd. These competitors may compete with Boyd in rendering services in the markets in which Boyd currently operates and also in seeking existing facilities to acquire or new locations to open in markets in which Boyd desires to expand. There can be no assurance that the Company will be able to maintain or achieve its desired market share.

Key Supplier Relationships

In 1999, the Company entered into certain key supplier relationships that provide the Company with approximately $25 million in forgivable capital funding over a period of three to six years. At December 31, 2004, the end of the sixth year of the agreement, the Company has used approximately $23.1 million of this funding. The forgivable capital funding is to be used as partial payment for acquisitions and start-up locations. There can be no assurance that the forgivable capital funding will continue to be available if Boyd cannot meet the conditions for the forgivable capital funding and there can be no assurance that the forgivable capital funding will be available to the Company beyond the current $25 million commitment. All or a portion of the forgivable capital funding may be repayable upon certain events occurring, such as sale or closure of a particular location. The absence of subsequent forgivable capital funding would significantly impact the Company's cash funding of future acquisitions and start-up locations.

Acquisition and Start-Up Growth & Ongoing Access to Capital

The Company intends to grow, in part, through future acquisitions or start-up of collision repair businesses. There can be no assurance that Boyd will have sufficient capital resources available to implement its growth strategy. Subsequent to the reorganization to an income trust structure on February 28, 2003, the Company has committed to payout substantially all of its operating cash flow, after meeting maintenance capital expenditures, debt service requirements and income tax obligations. Inability to raise new capital, in the form of debt or equity, could limit Boyd's future growth by acquisition.

The Company will endeavour, through a variety of strategies, to ensure in advance that it has sufficient capital for growth. Potential sources of capital that the Company has been successful at accessing in the past include public and private equity placements, using equity securities to directly pay for a portion of acquisitions, capital available through strategic alliances with trading partners, vendor financing and both senior and subordinate debt facilities. There can be no assurance that the Company will be successful in accessing these or other sources of capital in the future.

Credit & Refinancing Risks

The Company and other restricted parties under the amended senior credit facilities have, and will continue to have, significant debt service obligations. In addition the Company's ability to make scheduled payments of interest or principal on, or to refinance, its indebtedness will depend on its future operating performance and cash flow, which are subject to prevailing economic conditions, prevailing interest rates, and financial, competitive, business and other factors many of which are beyond its control.

The amended and restated senior credit facilities contain restrictive covenants that limit the discretion of the Company's management and the ability of the Company to incur additional indebtedness, to make acquisitions of collision repair businesses, create liens or other encumbrances, to pay dividends, redeem any equity or debt or make certain other payments, investments, capital expenditures, loans or guarantees and to sell or otherwise dispose of assets and merge or consolidate with another entity. In addition, the credit facility contains a number of financial covenants that require the Company and other restricted parties to meet certain financial ratios and financial condition tests. A failure to comply with the obligations under the senior credit facility could result in an event of default, which, if not cured or waived, could permit acceleration of the relevant indebtedness. If the indebtedness under the senior credit facilities were to be accelerated, there can be no assurance that the assets of the Company and other restricted parties would be sufficient to repay the indebtedness in full. There can also be no assurance that the Company will be able to refinance the credit facilities as and when they mature.

Environmental Risk

The nature of the collision repair business means that hazardous substances must be used, which could cause damage to the environment if not handled properly. The Company's environmental protection policy requires environmental site assessments to be performed on all business locations prior to acquisition so that any existing or potential environmental situations can be remedied or otherwise appropriately addressed. It is also Boyd's practice to secure environmental indemnification from landlords and former owners of acquired collision repair businesses, where such indemnification is available. Boyd also engages a private environmental consulting firm to perform regular compliance reviews to ensure that the Company's environmental and health and safety policies are followed.

To date, the Company has not encountered any environmental protection requirements or issues which would have material financial or operational effects on its current business and it is not aware of any material environmental issues that could

have a material impact on future results or prospects. No assurance can be given, however, that the prior activities of Boyd, or its predecessors, or the activities of a prior owner or lessee, have not created a material environmental problem or that future uses will not result in the imposition of material environmental liability upon Boyd.

Fluctuations in Operating Results and Seasonality

The Company's operating results have been and are expected to continue to be subject to quarterly fluctuations due to a variety of factors including changes in purchasing patterns, pricing policies, general and regional economic downturns and weather conditions. These factors can affect Boyd's ability to fund ongoing operations and finance future activities.

Weather Conditions

The effect of weather conditions on collision repair volume represents an element of risk to the Company's ability to achieve same store sales growth. Historically, extremely mild winters and dry weather conditions, particularly in Canada, have had a negative impact on collision repair sales volumes. Even with market share gains, this type of temporary decline in market size can result in same store sales declines.

The Company strives to mitigate the effect of weather by increasing market share annually (as evidenced by either same store or same market sales increases) through aggressive advertising and high levels of customer service. The Company's increasing geographic diversification resulting from its growth and expansion is expected to continue to lessen the effect of this risk.

Reliance on Technology

As is the case with most businesses in today's environment, there is a significant risk associated with Boyd's reliance on computerized operational and reporting systems. Boyd makes reasonable efforts to ensure that back-up systems and redundancies are in place and functioning appropriately. Boyd is reviewing its options and is developing longer-term disaster recovery programs to protect against significant system failures. Although a computer system failure would not be expected to critically damage the Company in the long term, there can be no assurance that a computer crash or like event would not have a material impact on its financial results.

Interest Rates

Since the date of the reorganization, the Company has terminated all of the pre-existing interest rate swap contracts that were in place at the time of the reorganization to an income trust structure in efforts to reduce interest costs and realign hedging activities to better match the amount and maturity of the underlying amended credit facilities.

On March 1, 2004, the Fund entered into a new interest rate swap contract, for a one year term aligned with the February 28, 2005 maturity date of $12 million U.S. in term loans. During the fourth quarter of 2004 and in conjunction with a $1.7 million (U.S.) bank term debt repayment, the Fund unwound $1.5 million (U.S.) of the swap contract for an insignificant cost to realign the swap contract with the remaining $10.5 million (U.S.) in bank term debt.

On December 10, 2004, the Fund entered into an amortizing forward interest rate swap contract for the period starting March 1, 2005 and ending January 15, 2009. The contract, for an initial amount of $10.5 million (U.S.), amortizes at the same amount as the Fund's U.S. bank term debt facility being repaid.

There can be no guarantee that interest rate swaps that effectively turn variable rate debt into fixed rates will be an effective hedge against long term interest rate fluctuations.

Foreign Currency Risk

In the past, the Company has financed acquisitions of U.S. businesses in part by making U.S. denominated loans available under its credit facilities that could then be serviced and repaid from anticipated future U.S. earnings streams. Although this natural hedging strategy is partially effective in mitigating future foreign currency risks, the Company anticipates increased exposure to foreign currency risks. A substantial portion of Boyd's revenue and cash flow are now, and are expected to continue to be, generated in U.S. dollars. Fluctuations in exchange rates between the Canadian dollar and other currencies may have a material adverse effect on the Company's ability to make future Canadian dollar cash distributions.

On December 23, 2004, in order to partially protect this cash flow from the negative influences of a weakening U.S. dollar, the Fund entered into a series of U.S. dollar forward exchange contracts. The contracts sell U.S. dollars in increments of $250,000 (U.S.) each quarter beginning March 21, 2005 and ending December 22, 2008. The Fund is monitoring the U.S. dollar exchange market and anticipates it may hedge additional future cash flows.

OUTLOOK

As the Fund had anticipated, operating results for 2004 continued to be impacted by declining claims volumes within the U.S. auto insurance industry. Although improved year over year results have been reported due primarily to the acquisitions in Illinois and Georgia, Boyd has worked hard to reduce operating costs and develop other organic growth strategies to counteract the financial impact of a weakened industry. Boyd is optimistic that more recent initiatives such as the development of additional national DRP relationships and an opportunity to accelerate Boyd's presence in the auto glass repair and replacement sector will supplement a return to improving performance.

The Fund will continue to work on improving same store sales growth, gross margins and EBITDA margins of all operations, will continue to develop its systems and its infrastructure and will continue to work to enhance securityholder value.

The Fund expects to continue to grow through the acquisition and start-up of collision repair businesses as well as by way of organic growth opportunities. There continues to be opportunity to grow Canadian operations, however it is expected that the majority of Boyd's growth will take place in the U.S.

FORWARD LOOKING INFORMATION

This annual report contains forward-looking information, other than historical facts, which reflect the views of the Fund's management with respect to future events. Forward-looking information typically contains statements with words such as "anticipate", "believe", "expect", "plan" or similar words suggesting future outcomes or events. Such forward-looking information reflects the current views of the Fund's management on the basis of information currently available.

Although management believes that its expectations are reasonable, readers are cautioned not to place undue reliance on forward-looking information because it is possible that predictions, forecasts, projections and other forms of forward-looking information will not be achieved. By its nature, the forward-looking information contained herein is subject to inherent risks and uncertainties, and assumptions relating to the operations, results of operations, financial position, business prospects and strategies of the Fund. The Fund can give no assurance that its expectations with respect to forward-looking information will prove to be correct.

The Fund assumes no obligation to update, publicly or otherwise, the forward-looking information contained herein or update the reasons why actual results could differ from those contemplated by the forward-looking information, whether as a result of new information, future events or otherwise.

CONSOLIDATED FINANCIAL STATEMENTS

MANAGEMENT'S RESPONSIBILITY FOR FINANCIAL REPORTING

These consolidated financial statements have been prepared by management in accordance with Canadian generally accepted accounting principles. Management is responsible for their integrity, objectivity and reliability, and for the maintenance of financial and operating systems, which include effective controls, to provide reasonable assurance that the Fund's assets are safeguarded and that reliable financial information is produced.

The Board of Trustees is responsible for ensuring that management fulfills its responsibilities for financial reporting and internal control. The Board exercises these responsibilities through its Audit Committee, all members of which are not involved in the daily activities of the Fund. The Audit Committee meets with management and, as necessary, with the independent auditors, Deloitte & Touche LLP, to satisfy itself that management's responsibilities are properly discharged and to review and report to the Board on the consolidated financial statements.

In accordance with Canadian generally accepted auditing standards, the independent auditors conduct an examination each year in order to express a professional opinion on the consolidated financial statements.

Terry Smith
President & Chief Executive Officer

Dan Dott, C.A.
Vice President & Chief Financial Officer

AUDITORS' REPORT

To the Unitholders
Boyd Group Income Fund

We have audited the consolidated balance sheets of Boyd Group Income Fund as at December 31, 2004 and 2003 and the consolidated statements of deficit, earnings and cash flows for the years then ended. These financial statements are the responsibility of the Fund's management. Our responsibility is to express an opinion on these financial statements based on our audits.

We conducted our audits in accordance with Canadian generally accepted auditing standards. Those standards require that we plan and perform an audit to obtain reasonable assurance whether the financial statements are free of material misstatement. An audit includes examining, on a test basis, evidence supporting the amounts and disclosures in the financial statements. An audit also includes assessing the accounting principles used and significant estimates made by management, as well as evaluating the overall financial statement presentation.

In our opinion, these consolidated financial statements present fairly, in all material respects, the financial position of the Fund as at December 31, 2004 and 2003 and the results of its operations and its cash flows for the years then ended in accordance with Canadian generally accepted accounting principles.

Deloitte & Touche LLP

Chartered Accountants
Winnipeg, Manitoba
March 23, 2005

CONSOLIDATED FINANCIAL STATEMENTS

CERTIFICATION OF ANNUAL FILINGS DURING TRANSITION PERIOD

I, Terry Smith, President and Chief Executive Officer, certify that:

1. I have reviewed the annual filings (as this term is defined in Multilateral Instrument 52-109 *Certification of Disclosure in Issuers' Annual and Interim Filings*) of the Boyd Group Income Fund, (the issuer) for the period ending December 31, 2004;
2. Based on my knowledge, the annual filings do not contain any untrue statement of a material fact or omit to state a material fact required to be stated or that is necessary to make a statement not misleading in light of the circumstances under which it was made, with respect to the period covered by the annual filings; and
3. Based on my knowledge, the annual financial statements together with the other financial information included in the annual filings fairly present in all material respects the financial condition, results of operations and cash flows of the issuer, as of the date and for the periods presented in the annual filings.

Date: March 23, 2005

Terry Smith
President & Chief Executive Officer

I, Dan Dott, Vice President and Chief Financial Officer, certify that:

1. I have reviewed the annual filings (as this term is defined in Multilateral Instrument 52-109 *Certification of Disclosure in Issuers' Annual and Interim Filings*) of the Boyd Group Income Fund, (the issuer) for the period ending December 31, 2004;

2. Based on my knowledge, the annual filings do not contain any untrue statement of a material fact or omit to state a material fact required to be stated or that is necessary to make a statement not misleading in light of the circumstances under which it was made, with respect to the period covered by the annual filings; and

3. Based on my knowledge, the annual financial statements together with the other financial information included in the annual filings fairly present in all material respects the financial condition, results of operations and cash flows of the issuer, as of the date and for the periods presented in the annual filings.

Date: March 23, 2005

Dan Dott, C.A.
Vice President & Chief Financial Officer

CONSOLIDATED BALANCE SHEETS

December 31

	2004	2003
Assets *(Note 11)*		
Current assets:		
Cash *(Note 5)*	**$ 578,548**	$ 1,597,066
Accounts receivable	**13,051,910**	11,189,952
Current portion of notes receivable *(Note 6)*	**228,259**	-
Income taxes recoverable	**50,315**	-
Inventory	**3,725,051**	2,955,297
Prepaid expenses	**1,838,264**	1,659,985
	19,472,347	17,402,300
Investment in Boyd Group Holdings Inc. *(Notes 15 and 17)*	**-**	23,242
Notes receivable *(Note 6)*	**410,124**	-
Property, plant and equipment *(Note 7)*	**19,000,797**	16,752,497
Future income tax asset *(Note 21)*	**3,203,337**	2,673,229
Deferred costs *(Note 8)*	**1,531,047**	1,093,729
Goodwill *(Note 9)*	**38,627,169**	31,425,798
Intangible assets *(Note 10)*	**18,021,584**	75,992
	$ 100,266,405	$ 69,446,787
Liabilities and Unitholders' equity		
Current liabilities:		
Accounts payable and accrued liabilities	**$ 17,197,382**	$ 11,804,007
Income taxes payable	**-**	288,144
Distributions payable *(Notes 18 and 30)*	**738,954**	372,862
Dividends payable to non-controlling interest *(Notes 17, 18 and 30)*	**137,180**	78,389
Current portion of long-term debt *(Note 11)*	**960,308**	93,824
Current portion of obligations under capital leases *(Note 12)*	**881,063**	1,106,466
	19,914,887	13,743,692
Long-term debt *(Note 11)*	**21,674,901**	17,163,233
Obligations under capital leases *(Note 12)*	**757,001**	1,133,107
Convertible debt - debt component *(Note 13)*	**2,879,256**	2,323,584
Other long-term liabilities	**191,469**	200,372
Unearned rebates *(Note 14)*	**12,522,382**	6,994,567
Non-controlling interest *(Note 17)*	**1,113,680**	6,691,342
	59,053,576	48,249,897
Contingencies and Guarantees *(Notes 24 and 25)*		
Unitholders' equity		
Unitholders' capital *(Note 15)*	**46,437,688**	21,058,197
Convertible debt - equity component *(Note 13)*	**10,508,602**	6,131,419
Warrants *(Notes 13 and 16)*	**488,400**	92,300
Deficit	**(9,232,183)**	(2,739,245)
Cumulative translation adjustment	**(6,989,678)**	(3,345,781)
	41,212,829	21,196,890
	$ 100,266,405	$ 69,446,787

Approved by the Board:

Trustee   *Trustee*

CONSOLIDATED STATEMENTS OF DEFICIT

Years Ended December 31

	2004	2003
Deficit, beginning of year	$ **(2,739,245)**	$ (1,089,808)
Allocation of portion of deficit as at February 28, 2003 to non-controlling interest *(Note 17)*	**-**	759,639
Net earnings	**2,000,993**	1,480,309
Dividends on Class E shares	**-**	(118,256)
Distributions to unitholders *(Note 18)*	**(7,956,508)**	(3,509,823)
Interest on equity component of convertible debt (net of income tax recoveries of $155,922 [2003 - $85,444]) *(Note 13)*	**(322,305)**	(171,352)
Premium paid on units purchased and cancelled *(Note 15)*	**(215,118)**	(89,954)
Deficit, end of year	$ **(9,232,183)**	$ (2,739,245)

CONSOLIDATED STATEMENTS OF EARNINGS

Years Ended December 31

	2004	2003
Sales	$ **167,659,324**	$ 121,201,933
Cost of sales	**87,984,147**	66,842,938
Gross margin	**79,675,177**	54,358,995
Operating expenses	**67,940,291**	46,311,987
Foreign exchange gains *(Notes 5 and 11)*	**(899,655)**	(1,024,130)
Depreciation and amortization	**4,132,836**	3,071,441
Amortization of deferred costs and other intangible assets	**1,722,616**	362,823
Interest expense	**1,873,919**	2,230,383
Interest income	**(95,354)**	(100,358)
Swap breakage and arrangement costs *(Note 19)*	**531,360**	2,650,098
Write down of goodwill and property, plant and equipment *(Notes 7 and 9)*	**2,119,920**	443,475
	77,325,933	53,945,719
Earnings before income taxes and non-controlling interest	**2,349,244**	413,276
Income tax expense (recovery) *(Note 21)*		
Current	**555,852**	759,364
Future	**331,392**	(1,401,361)
	887,244	(641,997)
Net earnings before non-controlling interest	**1,462,000**	1,055,273
Non-controlling interest *(Note 17)*	**1,601,555**	798,103
Net earnings from continuing operations	**3,063,555**	1,853,376
Loss from discontinued operations, (net of income tax recoveries of $683,175 [2003 - of $212,623]) *(Note 4)*	**(1,062,562)**	(373,067)
Net earnings	$ **2,000,993**	$ 1,480,309
Weighted average number of units outstanding	**6,984,799**	3,460,686
Basic earnings per unit from continuing operations *(Note 28)*	$ **0.392**	$ 0.452
Loss per unit from discontinued operations	**(0.152)**	(0.108)
Basic earnings per unit	$ **0.240**	$ 0.344
Diluted earnings per unit from continuing operations *(Note 28)*	$ **0.302**	$ 0.245
Loss per unit from discontinued operations	**(0.143)**	(0.085)
Diluted earnings per unit	$ **0.159**	$ 0.160

CONSOLIDATED STATEMENTS OF CASH FLOWS

Years Ended December 31

	2004	2003
CONTINUING OPERATIONS		
Cash flows from operating activities		
Net earnings from continuing operations	$ 3,063,555	$ 1,853,376
Items not affecting cash		
Non-controlling interest	(1,601,555)	(798,103)
Write down of goodwill and property plant and equipment	2,119,920	443,475
Future income taxes	331,392	(1,401,361)
Amortization of deferred costs and other intangible assets	1,722,616	362,823
Depreciation and amortization	4,132,836	3,071,441
Amortization of unearned rebates	(3,571,299)	(2,025,206)
(Gain) loss on disposal of equipment	(41,516)	32,750
	6,155,949	1,539,195
Changes in non-cash working capital items *(Note 22)*	2,201,275	4,452,761
	8,357,224	5,991,956
Cash flows from financing activities		
Issue of share capital on exercise of options	-	772,755
Issue of fund units on exercise of warrants	559,920	-
Repurchase of fund units	(512,179)	(320,327)
Issue of fund units	18,362,844	9,461,347
Issue costs	(1,189,620)	(1,841,916)
Increase in obligations under long-term debt	11,804,553	133,723
Repayment of long-term debt	(5,551,714)	(7,562,883)
Repayment of obligations under capital leases	(1,185,435)	(1,023,161)
Proceeds on issue of convertible debt	-	2,260,000
Interest on equity component of convertible debt	(584,093)	(386,548)
Dividends received on Class B shares	437,805	-
Dividends paid to non-controlling interest	(1,469,790)	(705,500)
Distributions paid to unitholders	(7,590,416)	(3,136,961)
Increase in unearned rebates	9,083,488	125,664
Decrease in non-controlling interest	63,093	-
Issue costs on debt component of convertible debentures	(3,409)	(382,937)
Decrease in other long-term liabilities	-	(57,078)
Increase in financing costs	(384,663)	(147,299)
Dividends paid on Class E shares	-	(118,256)
	21,840,384	(2,929,377)
Cash flows from investing activities		
Proceeds on sale of equipment	325,089	193,941
Acquisition of equipment	(667,926)	(645,064)
Development of businesses	(1,933,280)	(287,785)
Branding and facility upgrades	(491,921)	(519,063)
Deferred costs	(578,477)	(96,171)
Business acquisitions	(28,551,267)	(407,966)
	(31,897,782)	(1,762,108)
Foreign exchange	(602,196)	(1,504,756)
Net decrease in cash position from continuing operations	(2,302,370)	(204,285)
DISCONTINUED OPERATIONS		
Operating activities	(416,286)	(116,329)
Financing activities	(55,535)	(187,573)
Investing activities	421,133	(35,540)
Net proceeds on disposal	1,334,540	50,422
Net increase (decrease) in cash position from discontinued operations	1,283,852	(289,020)
Net decrease in cash position	(1,018,518)	(493,305)
Cash position, beginning of year	1,597,066	2,090,371
Cash position, end of year	$ 578,548	$ 1,597,066
Income taxes paid (recovered)	$ 719,999	$ (1,126,531)
Interest paid	$ 1,997,246	$ 2,985,283

NOTES TO CONSOLIDATED FINANCIAL STATEMENTS

1. ORGANIZATION AND DESCRIPTION OF THE BUSINESS

Boyd Group Income Fund (the "Fund") is an unincorporated, open-ended mutual fund trust established under the laws of the Province of Manitoba on February 28, 2003. It was established for the purposes of acquiring and holding a majority interest in The Boyd Group Inc. (the "Company"). The Company's business consists of the ownership and operation of autobody/autoglass repair facilities acquired either through the acquisition of existing businesses, or through site development resulting in new locations. In addition, the Company has licensed its trade names, trademarks and systems to independently owned repair facilities under license agreement. At December 31, 2004, the Fund held 79.04% of the voting shares of the Company.

The units of the Fund are listed on the Toronto Stock Exchange and trade under the symbol "BYD.UN".

2. SIGNIFICANT ACCOUNTING POLICIES

a) Basis of presentation

The Fund is considered to be a continuation of The Boyd Group Inc. following the continuity of interest's method of accounting. As a result, these consolidated financial statements reflect a continuation of The Boyd Group Inc.

The Boyd Group Finance Limited Partnership formed in 2001, continued to have no activity during the year.

The consolidated financial statements of the Fund and its subsidiaries have been prepared in accordance with Canadian generally accepted accounting principles and contain the consolidated financial position, results of operations and cash flows of the Fund as well as the Company including the following direct subsidiary companies at December 31, 2004:

Dean Bros. Collision Repairs Ltd.	100%
469006 B.C. Ltd.	100%
4698828 Manitoba Inc.	100%
The Boyd Group (U.S.) Inc.	100%
1st Choice Mobile Auto Glass Dealers Inc.	100%
The Boyd Group Finance Limited Partnership	100%

All inter-company balances, transactions and profits have been eliminated.

b) Revenue recognition

The Fund recognizes revenue related to the operation of autobody/autoglass facilities when the rendering of services is completed.

c) Inventory

Inventory is valued at the lower of cost and net realizable value. Cost is determined on the first-in, first-out basis.

d) Property, plant and equipment

Property, plant and equipment assets are recorded at cost. Depreciation is calculated using the rates disclosed in note 7. Leasehold improvements are amortized on the straight-line basis over the initial term of the lease plus one renewal period.

e) Deferred costs

Pre-operating period costs
The Fund defers pre-operating period costs of new locations and amortizes these costs on a straight-line basis over a period of five years. The pre-operating period is the period ending thirty days from the opening date of new start-up locations. During the pre-operating period, the activities of a new location are primarily space development, training, facility re-design and set-up in nature. Any revenues realized during the pre-operating period are recorded as a reduction of the pre-operating costs deferred.

Convertible debenture issue costs
Convertible debenture issue costs represent issue costs (including agents commissions) associated with the issuance of convertible debentures and more specifically the proportionate issue costs associated with the debt component of such debentures. These costs are amortized over the five year term of the debentures on a yield basis.

Deferred financing costs
Deferred financing costs represent costs associated with the Fund's refinancing and securing of its credit facilities. These costs are being amortized over the term of its long-term credit facilities on a straight-line basis.

f) Business combinations, goodwill and other intangible assets

Under CICA Handbook Section 3062, goodwill is tested for impairment on an annual basis, or more frequently if events or changes in circumstances indicate that an asset might be impaired. The impairment test is carried out in two stages. In the first stage, the carrying amount of each reporting unit is compared with its fair value to assess the potential for goodwill impairment. The second stage is completed when the carrying amount of a reporting unit exceeds its fair value, in which case the implied fair value of the reporting unit's goodwill is compared with its carrying amount to measure the amount of any impairment loss.

Brand names
Brand names are considered to have indefinite lives and are tested for impairment annually.

Customer relationships
Customer relationships are carried at their fair value as at the acquisition date, less amortization. The relationships are amortized on a straight-line basis over the expected period of benefit. Current relationships are being amortized over 20 years.

Franchise rights
Prior to August 29, 1998, franchise fees were paid to acquire various franchise rights, including business systems. The franchise rights are carried at cost less amortization to date. The franchise rights are being amortized on a straight-line basis over a period of ten years.

Non-compete agreements and zoned property rights
Contractual rights are carried at their fair value as at the acquisition date, less amortization. The rights are being amortized on a straight-line basis over the term of the contract.

Software customization costs
Software customization costs are carried at their fair value as at the acquisition date, less amortization. The costs are being amortized on a straight-line basis over a period of five years.

g) Convertible debentures

Since the Fund has the ability to repay the principal portion of the convertible debentures by the issuance of units, the debenture obligations are, for accounting purposes, classified partly as debt and partly as equity. The debt component represents the present value of interest payments over the term of the debentures. In determining the present value of the principal and interest, the Fund employs an interest rate, at the date of issuance of the convertible debentures, which represents its estimated cost of borrowing similar subordinated, illiquid debt which does not bear an equity conversion privilege. Interest paid and payable on the convertible debentures is recorded as a repayment of the debt component, and interest on the debt component is recorded as an expense. The equity component is accreted over the term of the convertible debentures through periodic

charges to retained earnings (net of income taxes) such that, on maturity, the equity component equals the principal amount, less issuance costs relating to the equity component at the date of issue.

h) *Acquisition costs*

The Fund follows the policy of capitalizing acquisition costs incurred on successful completion of acquisitions. These costs are allocated to the identifiable assets acquired with any excess purchase price allocated to goodwill.

i) *Income taxes*

The Fund is a mutual fund trust as defined under the Income Tax Act (Canada) and accordingly is not taxable on its income to the extent that its income is distributed to unitholders. This exemption does not apply to the Company or its subsidiaries, which are corporations that are subject to income tax.

The Fund's subsidiaries are subject to tax and follow the asset and liability method for accounting for income taxes. Under this method, future income tax assets and liabilities are recognized for the estimated future tax consequences attributable to differences between the financial statement carrying amounts of existing assets and liabilities and their respective tax bases. Future income tax assets and liabilities are measured using enacted or substantively enacted rates expected to apply to taxable income in years in which those temporary differences are expected to be recovered or settled. The effect on future tax assets and liabilities of a change in tax rates is recognized in earnings in the period that includes the date of enactment or substantive enactment.

j) *Unearned rebates*

Pre-paid purchase rebates are recorded as unearned rebates on the balance sheet and amortized, as a reduction of the cost of purchases, on a straight-line basis over a period of seven years from the date of receipt.

k) *Earnings per unit*

Basic earnings per unit are calculated using the weighted daily average number of units outstanding.

Diluted earnings per unit are calculated using the "if converted" method for convertible debt and exchangeable shares and the treasury stock method for warrants and stock options, if these instruments are dilutive. These methods assume that all Class A shares of the minority shareholders, convertible debentures and Class E shares outstanding at the quarter end or year end were converted at the beginning of the quarter or year, or at the date of issue, and that stock options and warrants outstanding at the quarter end or year end had been exercised at the beginning of the quarter or year, or when granted. The proceeds received on the exercise of warrants, are assumed to be used to purchase units at market prices. Interest savings on the conversion of convertible debentures are calculated using actual interest rates experienced during the year. Losses allocated to the non-controlling interest are reversed assuming Class A shares are exchanged.

l) *Foreign currency translation*

The Fund follows the current rate method of foreign currency translation for its net investment in its self-sustaining foreign operations. Under this method, assets and liabilities are translated into Canadian dollars at the rate of exchange prevailing at the balance sheet dates and income and expense items are translated at the average exchange rate during the period. The adjustment arising from the translation of these accounts is deferred and included in equity as a cumulative translation adjustment. The appropriate amounts of accumulated exchange gains and losses are included in earnings when there is a reduction of the Fund's net investment in self-sustaining foreign operations.

Transactions of Canadian operations denominated in U.S. currency are translated into Canadian dollars at the rates of exchange in effect on the transaction dates. Foreign currency denominated monetary assets and liabilities of Canadian operations are translated at the exchange rate prevailing at the end of the period. Exchange gains and losses are included in net earnings for the period.

m) *Derivative financial instruments*

The Fund uses derivative financial instruments in the management of its foreign currency and interest rate exposures. The Fund does not enter into financial instruments for trading or speculative purposes.

The Fund purchases forward foreign exchange contracts to hedge a portion of the committed intercompany interest receivable amounts owing from its U.S. subsidiary. Foreign exchange translation gains and losses on foreign currency denominated derivative financial instruments used to hedge committed intercompany interest receivable amounts are recognized as an adjustment of the interest income when the income is recognized. The portion of the forward premium or discount on the contract relating to the difference between the forward rate and the spot rate is also recognized as an adjustment of the related interest income.

The Fund enters into interest rate swaps in order to reduce the impact of fluctuating interest rates on its term debt. These swap agreements require the periodic exchange of payments without the exchange of the notional principal amount on which the payments are based. Interest expense on the debt is adjusted to include the payments made and received under the interest rate swaps.

The Fund's policy is to formally designate each derivative financial instrument as a hedge of a specifically identified cash flow or debt instrument. The Fund also formally assesses, both at the hedge's inception and on an ongoing basis, whether the derivatives that are used are effective in offsetting changes in fair values or cash flows of hedged items.

Realized and unrealized gains or losses associated with the derivative instruments, which have been terminated or cease to be effective prior to maturity, are deferred under other current, or non-current, assets or liabilities on the balance sheet and recognized into income in the period in which the underlying hedged transaction is recognized. In the event a designated hedged item is sold, extinguished or matures prior to the termination of the related derivative instrument, any realized or unrealized gain or loss on such derivative instrument is recognized in income.

n) Use of estimates

The preparation of financial statements in conformity with Canadian generally accepted accounting principles requires management to make estimates and assumptions that affect the reported amounts of assets and liabilities and disclosure of contingent assets and liabilities at the balance sheet date and reported amounts of revenues and expenses during the reporting period. Actual results could differ from these estimates.

3. ACQUISITIONS

On February 2, 2004, the Fund purchased 100% of the shares of The Gerber Group, Inc., a collision repair group operating in the greater Chicago, Illinois area. The group operated 16 repair facilities, with two additional facilities under development. The acquisition was financed through a combination of prepaid rebates and acquisition loans from trading partners, vendor exchange notes and a portion of a $14 million private placement. In June 2004, the Fund purchased the business assets of Best Way Auto Repair, also located in Chicago, Illinois, to facilitate the development of the new Northwest Highway start up in this market.

The Fund also completed two other acquisitions during the year. On July 30, the Fund acquired the remaining 50% of the shares in 1st Choice Mobile Auto Glass Dealers Inc., in Vancouver, British Columbia. The Fund had previously acquired 50% of the shares, representing a joint venture interest, on March 1, 2003. On August 16, the Fund acquired 100% of the shares of Cartech of Decatur, Inc. and Cartech of Towncenter, Inc., both located in Atlanta, Georgia.

During 2003, the Fund acquired 50% of the shares, representing a joint venture interest in, 1st Choice Mobile Auto Glass Dealers Inc., as well as the assets and business of Autotek Collision Repairs. Both locations are in Vancouver, British Columbia.

The Fund has accounted for the acquisitions using the purchase method as follows:

Identifiable net assets acquired at fair value:	2004 The Gerber Group Inc.	2004 Other Acquisitions	2004 **Total**	2003
Current assets	$ 8,794,085	$ 778,216	**$ 9,572,301**	$ 127,146
Property, plant and equipment	3,103,382	719,954	**3,823,336**	245,832
Identified intangible assets				
Customer relationships	14,590,400	-	**14,590,400**	-
Brand name	3,979,200	-	**3,979,200**	-
Non-compete agreements	1,989,600	-	**1,989,600**	-
Software customization costs	464,240	-	**464,240**	-
Liabilities assumed	(6,412,616)	(584,974)	**(6,997,590)**	(195,756)
Identifiable net assets acquired	26,508,291	913,196	**27,421,487**	177,222
Goodwill	11,937,422	2,051,969	**13,989,391**	350,539
Total purchase consideration, including acquisition costs	$ 38,445,713	$ 2,965,165	**$ 41,410,878**	$ 527,761
Consideration provided				
Cash	$ 27,659,428	$ 1,153,365	**$ 28,812,793**	$ 427,761
Trust units	-	500,000	**500,000**	100,000
Vendor exchange notes	10,786,285	1,311,800	**12,098,085**	-
Total consideration provided	$ 38,445,713	$ 2,965,165	**$ 41,410,878**	$ 527,761

U.S. acquisition transactions are initially recognized and shown as above in Canadian dollars at the rates of exchange in effect on the transaction dates. Subsequently, the assets and liabilities are translated at the rate in effect at the balance sheet date. The results of operations reflect the revenues and expenses of acquired operations from the date of acquisition.

The preliminary purchase price previously reported in the interim financial statements for acquisitions has been revised to reflect the identification and valuation of certain intangible assets. The customer relationships, non-compete agreements and software customization costs are definite life intangibles and are being amortized over their estimated useful life. The Gerber brand name is an indefinite life intangible and will be tested for impairment on at least an annual basis. The effect of recognizing these intangible assets reduced goodwill as reported in the 2004 unaudited interim financial statements by a corresponding amount. Additions to goodwill during the year for U.S. acquisitions will be deductible for tax purposes except for $550,990. Of the total additions to goodwill described above, $629,590 relate to the Canadian geographic segment.

During 2004, additional purchase price paid on prior years acquisitions, as a result of certain contractual agreements, amounted to $260,541 (2003 - $234,150) of which $nil (2003 - $nil) was paid by issuing additional units. The additional purchase price paid was allocated to goodwill. Certain acquisitions include unit price guarantees or provisions for contingent purchase price amounts if certain financial performance is achieved. (Notes 24 and 25)

4. DISCONTINUED OPERATIONS

Effective October 18, 2004, the Fund ceased operations of its Jarvis site, located in Winnipeg, Manitoba.

On August 31, 2004, the Fund disposed of its business in Service Collision Center, Inc. which consisted of one collision repair facility located in Wichita, Kansas.

On April 30, 2004, the Fund disposed of its shares in M&S Collision Center, Inc. which consisted of one collision repair facility located in Valparaiso, Indiana.

On June 1, 2003, the Fund disposed of the operating assets of its operation located in Humboldt, Saskatchewan.

The consolidated balance sheets include the following assets and liabilities which relate to these discontinued operations.

		2004		2003
Current assets	$	**364,864**	$	511,707
Fixed assets		**-**		1,143,383
Goodwill and other intangible assets		**-**		2,340,940
		364,864		3,996,030
Current liabilities		**86,763**		196,109
Long-term liabilities		**-**		81,738
		86,763		277,847
Net assets	$	**278,101**	$	3,718,183

The results of discontinued operations are summarized below:

		2004		2003
Sales	$	**2,411,678**	$	8,586,171
Loss before income taxes		**(568,083)**		(496,786)
Income taxes		**(239,879)**		(191,623)
		(328,204)		(305,163)
Loss on disposition of assets		**(1,177,654)**		(88,904)
Tax recovery		**(443,296)**		(21,000)
Net Loss on disposition of assets		**(734,358)**		(67,904)
Net loss from discontinued operations	$	**(1,062,562)**	$	(373,067)

5. CASH (BANK INDEBTEDNESS)

		2004		2003
Funds on deposit	$	**3,368,931**	$	1,589,604
Unrestricted cash held on reserve to fund future capital lease obligations		**1,238,923**		2,551,939
Operating line at prime rate secured by a General Security Agreement securing all Fund assets		**(4,029,306)**		(2,544,477)
	$	**578,548**	$	1,597,066

Effective September 30, 2004, the Fund entered into an amended credit agreement with its bankers. Under the terms of the amended credit agreement, the operating line has increased from $6.0 million to $10.0 million and continues to be collateralized by a General Security Agreement. Losses on foreign exchange transactions associated with a Canadian domiciled U.S. dollar bank account within this facility amounted to $75,700 (2003 – gains of $646,806). At December 31, 2004 the balance in the Canadian domiciled U.S. dollar bank account was a line of credit of $3,228,950 ($2,682,744 U.S.).

6. NOTES RECEIVABLE

On April 30, 2004, the Fund accepted a promissory note from the purchaser of the shares of M&S Collision Center, Inc. as part of the consideration received on the sale of shares (see note 4).

On May 1, 2004, All-Consolidated Auto Rebuilders, Inc., one of the Fund's U.S. subsidiaries, transferred a portion of its operating assets into a new operating entity, Gerber Auto Collision and Glass (Harvey) LLC ("Harvey LLC"), in consideration for a 75% ownership in the new business. An employee of All-Consolidated Auto Rebuilders, Inc. contributed the remaining 25% equity into the new business. The Fund accepted a promissory note as partial consideration received for the 25% equity contribution.

		2004
Promissory note receivable on sale of M&S Collision Center, Inc. Interest rate of 4.5% for the period up to November 1, 2004 and 8.0% thereafter. Principal of $189,647 in U.S. dollars due by way of instalments of $50,000 U.S. on February 1, 2005, May 1, 2005 and August 1, 2005 with the remaining balance due on November 1, 2005	$	228,259
Promissory note receivable for equity contribution to Harvey LLC. Interest rate of 5.0%. Principal of $340,748 in U.S. dollars and interest repayable from distributable profits of the Harvey LLC business. The note is secured by a personal guarantee and the equity position of the employee.		410,124
		638,383
Current portion		228,259
	$	410,124

7. PROPERTY, PLANT AND EQUIPMENT

	2004		2003		
	Cost	Accumulated Depreciation	Cost	Accumulated Depreciation	Rates
Land	$ 52,472	$ -	$ 52,472	$ -	
Buildings	348,974	80,808	322,968	67,627	5%
Shop equipment / Paint spraybooths	14,522,311	6,552,292	13,108,971	5,713,865	15%
Equipment – office	1,475,615	796,259	1,262,816	688,040	20%
Computer hardware	2,349,386	1,500,148	1,901,181	1,267,053	30%
Computer software	1,428,986	1,078,673	1,342,965	924,948	3-5 years S.L.
Signage	793,941	435,535	775,183	388,010	15%
Vehicles	3,636,223	1,722,914	4,735,312	1,947,528	10-30%
Leasehold improvements	9,972,146	3,412,628	6,879,606	2,631,906	10-25 years S.L.
	$ 34,580,054	$ 15,579,257	$ 30,381,474	$ 13,628,977	

Net Book Value	$19,000,797	$16,752,497

Included in the above are assets under capital lease with a cost of $3,232,241 (2003 - $4,207,385) and a net book value of $1,927,944 (2003 - $2,495,326). During the year, assets acquired through capital lease arrangements amounted to $652,453 (2003 - $40,888).

During 2001, the Company pursued the development and testing of a "Big Box" prototype location based in the United States. To date, the location has not generated the anticipated level of sales, and it is expected that sufficient sales volumes will not be realized in the near term. Accordingly, the Fund evaluated the re-design costs incurred as part of the development of the "Big Box" prototype and expensed as part of the write down of goodwill and property, plant and equipment the remaining net book value of $194,582.

8. DEFERRED COSTS

	2004	2003
Pre-operating period costs	$ **922,097**	$ 357,600
Convertible debenture issue costs	**599,070**	611,730
Financing costs	**941,788**	527,429
	2,462,955	1,496,759
Less accumulated amortization	**(931,908)**	(403,030)
	$ **1,531,047**	$ 1,093,729

During the year, the Fund developed five new collision repair facilities in the Chicago metropolitan area. The associated pre-operating costs incurred during the year were $582,769. Three of the five locations were in operation by the end of the year.

When deferred costs are fully amortized, the cost and accumulated amortization are netted to write-off the asset.

9. GOODWILL

	2004	2003
Goodwill	$ **38,627,169**	$ 31,425,798

During the year, $13,848,655 (2003 - $584,689) in additional goodwill was recorded. Of these amounts $13,588,114 (2003 - $350,539) was recorded as a result of acquisitions during the year with the remaining goodwill $260,541 (2003 - $234,150) relating to additional purchase price paid on prior years acquisitions as disclosed in note 3.

The Fund wrote-off goodwill during the year in the amount of $2,340,940 ($1,811,312 U.S.) associated with the sale of M&S Collision Center, Inc. This amount was included as part of the loss on disposition of discontinued assets as disclosed in note 4.

During 2003, the Fund wrote-off goodwill in the amount of $24,250 associated with the sale of its Humboldt, Saskatchewan facility. This amount was also included as part of the loss on disposition of discontinued assets as disclosed in note 4.

In addition, during 2004, as part of the ongoing goodwill impairment testing described in note 2(*f*), the Fund incurred goodwill write downs of $1,925,338 related to the operations in Georgia. Goodwill write downs recorded in 2003 were $443,475. The 2003 losses related to the AWC reporting unit, in the amount of $199,610, the Alignment reporting unit, in the amount of $25,080, and the Northwest (U.S.) reporting unit, in the amount of $218,785. All of these reporting units are located in Washington State. The write downs were the result of a downturn in economic activity in that market during 2003.

10. INTANGIBLE ASSETS

2004			
	Cost	**Accumulated Amortization**	**Net Book Value**
Customer relationships	**$ 13,239,600**	**$ (606,815)**	**$ 12,632,785**
Brand name	**3,610,800**	**-**	**3,610,800**
Non-compete agreements	**1,905,642**	**(576,830)**	**1,328,812**
Software customization costs	**421,260**	**(87,296)**	**333,964**
Franchise rights	**190,000**	**(133,460)**	**56,540**
Zoned property rights	**65,703**	**(7,020)**	**58,683**
	$ 19,433,005	**$ (1,411,421)**	**$ 18,021,584**

2003			
	Cost	Accumulated Amortization	Net Book Value
Franchise rights	$ 200,000	$ (124,008)	$ 75,992

During 2004, identifiable intangible assets were separately recognized as part of the acquisition of The Gerber Group, Inc. The Gerber brand name is considered an indefinite life intangible asset and will be tested for impairment on at least an annual basis. The customer relationships, non-compete agreements and software customization costs are definite life intangible assets that will be amortized on a straight-line basis over periods of twenty, three and five years, respectively.

During 2003, the Fund wrote-off franchise rights, in the amount of $5,251, associated with the sale of its Humboldt, Saskatchewan facility. This amount was included as part of the loss on disposition of discontinued assets as disclosed in note 4.

During the year amortization expense of $1,303,263 was recognized on definite life intangible assets.

11. LONG-TERM DEBT

On November 10, 2003, the Company entered into an agreement with its trading partners that provides for a $15 million acquisition loan facility to be used, in conjunction with the forgivable capital funding, to fund the acquisition and start-up of new collision repair businesses. The loan facility provides for a maximum draw of $5 million in any calendar year, commencing from the date the first loan is advanced and cumulative for subsequent years. Loan advances for any particular acquisition or start-up are subject to certain limits and are, in part, dependent upon the amount of forgivable capital funding requested or available for a particular transaction. The agreement provides that the first $750,000 drawn on this new facility be deemed to be immediately forgiven and received as additional pre-paid rebates, to be earned immediately. Each loan advanced in respect of a transaction will be supported by a Promissory Note, with a five-year term and annual interest-only payments, based on one year LIBOR rates plus 3.5%, due on the anniversary date of each note. The full principal amount of each note is due on maturity, or within 90 days of the date that the Fund elects to sell or close any business for which loan funding was provided and a promissory note balance remains outstanding. The promissory notes are subject to certain covenants and conditions and are supported by a limited guarantee provided by 4612094 Manitoba Inc., a party related to the Fund (See Note 20).

In December 2003, the Fund received the first draw in the amount of $125,000 under the new acquisition loan facility to fund the acquisition of the assets of Autotek Collision. The loan funding received was deemed to be immediately forgiven and received as pre-paid rebates, which were immediately earned and recorded in 2003 as a reduction in cost of sales of the related products purchased from these trading partners. On January 31, 2004, the Fund received an additional draw of $9,875,000 ($7,596,150 U.S.) on the acquisition loan facility to fund a portion of The Gerber Group, Inc. acquisition. Of the loan funding received, the first $625,000 was deemed to be immediately forgiven and received as additional pre-paid product rebates, which were immediately earned and recorded as a reduction in cost of sales in 2004.

On January 7, 2004, the Fund incurred a swap breakage fee on the settlement of interest rate swap contracts in the amount of $531,360 (See Note 19).

On February 5, 2004, the Fund entered into an interest rate swap contract fixing the interest rate on a notional amount of $12 million U.S. of long-term debt at a rate of 1.58% plus incentive priced spread. The contract is effective March 1, 2004 and terminates February 28, 2005.

On June 1, 2004, the Fund repaid $1,076,040 ($720,000 U.S.) of its bank term facility from proceeds received on the sale of shares of M&S Collision Center, Inc. Foreign exchange gains associated with the settlement of a portion of the long-term debt facility amounted to $98,496.

On November 10, 2004 the Fund reached agreement with its senior lenders to renew its senior credit facilities effective September 30, 2004. Under the terms of the amended credit agreement, the Fund has increased its operating line from $6.0 million to $10.0 million and extended its term facilities until January 15, 2009. As part of the amendment the Fund made a $1.74 million U.S. payment of its term facility. The remaining term facility is a committed reducing facility in the amount of $10.5 million U.S., collateralized by a General Security Agreement and subsidiary guarantees, with incentive priced interest rates and subject to customary terms, conditions, covenants and other provisions for an income trust. The term facility will amortize quarterly with $0.3 million U.S. due in 2005, $1.2 million U.S. due in 2006, $2.4 million U.S. due in 2007, $4.0 million U.S. due in 2008 and $2.6 million U.S. due in 2009.

Foreign exchange gains associated with the settlement of the $1.74 million U.S. portion of the long-term debt facility amounted to $876,859. As a result of the reduction in the term debt, the Fund unwound a portion of the interest rate swap in order to match the nominal amount of the swap to the lower term debt.

On December 9, 2004 the Fund entered into a further interest rate swap contract fixing the interest rate on the notional amount of $10.5 million U.S. of long-term debt at a rate of 4 % plus incentive priced spread. The contract is effective March 1, 2005 and terminates January 15, 2009.

		2004		2003
Term facility, secured by a General Security Agreement and subsidiary guarantees, incentive priced interest rates ranging from prime/U.S. base rate plus 0.5% to 1.75% on prime based or U.S. base rate loans, or Bankers' Acceptances/LIBOR stamp fee plus 2.0% to 3.25% on Banker's Acceptances or LIBOR loans, repayable in increasing quarterly instalments starting April 15, 2005, to April 15, 2009, with the full amount of the facility repayable in U.S. funds. Interest rate fixed on $12,637,800 Cdn. of the loans using interest rate swaps at 1.58% plus incentive pricing spread until February 2005 and 4% plus incentive pricing spread until January 2009.	**$**	**12,637,800**	$	-
Term facility, secured by a General Security Agreement and subsidiary guarantees, incentive priced interest rates ranging from prime/U.S. base rate plus 1.0% to 1.25% on prime based or U.S. base rate loans, or Bankers' Acceptances/LIBOR stamp fee plus 2.5% to 2.75% on Banker's Acceptances or LIBOR loans, repayable February 28, 2005, with the full amount of the facility repayable in U.S. funds. Interest rate fixed on $5,917,577 Cdn. of the loans using interest rate amortization swaps at 5.82% plus incentive pricing spread.		**-**		16,749,504
Trading partner debt, supported by a limited guarantee provided by 4612094 Manitoba Inc. Interest rate based on LIBOR plus 3.5%, repayable in U.S. Funds on January 31, 2009		**8,564,073**		-
Vendor notes payable of $1,190,874 U.S. on the financing of certain acquisitions, unsecured, at interest rates ranging from 4.0% to 8.0%. The notes are due January 2005 to June 2010 and are repayable in U.S. funds.		**1,433,336**		507,553
		22,635,209		17,257,057
Current portion		**960,308**		93,824
	$	**21,674,901**	$	17,163,233

Included in interest expense is interest on long-term debt of $1,155,781 (2003 - $1,520,038).

Principal payments required in the next five years are as follows:

2005	$	960,308
2006		1,585,245
2007		3,009,468
2008		4,938,738
2009		12,119,631

12. OBLIGATIONS UNDER CAPITAL LEASES

		2004		2003
Equipment leases, at interest rates ranging from 7.31% to 20.66%, repayable in aggregate monthly instalments of $8,774 (2003 - $16,364), due January 2005 to November 2009 (2003 – February 2004 to March 2007), secured by equipment with a net book value of $866,306 (2003 - $407,134).	$	**677,126**	$	361,325
Vehicle leases, at interest rates ranging from 4.63% to 10.69%, repayable in aggregate monthly installments of $64,648 (2003 - $75,925) due January 2005 to December 2006 (2003 – January 2004 to December 2006), secured by vehicles with a net book value of $956,206 (2003 - $2,088,192)		**960,938**		1,878,248
		1,638,064		2,239,573
Current portion		**881,063**		1,106,466
	$	**757,001**	$	1,133,107

Included in interest expense is interest related to capital leases of $151,228 (2003 - $210,271).

Principal payments required in the next five years are as follows:

2005	$	881,063
2006		342,768
2007		139,918
2008		138,335
2009		135,980

13. CONVERTIBLE DEBT

		2004		2003
Debt component				
Series I	$	**27,298**	$	203,889
2002		**456,225**		1,467,502
2003		**381,399**		652,193
Vendor exchange notes		**2,014,334**		-
		2,879,256		2,323,584
Equity component				
Series I	$	**75,560**	$	528,969
2002		**1,523,000**		4,086,943
2003		**1,203,601**		1,607,807
Vendor exchange notes		**7,773,341**		-
		10,575,502		6,223,719
Value assigned to the 2003 warrants		**(66,900)**		(92,300)
	$	**10,508,602**	$	6,131,419

Included in interest expense is interest on convertible debentures of $381,670 (2003 - $272,808)

Since the Fund has the ability to repay the principal portion of the convertible debt by the issuance of units, the debt obligations are, for accounting purposes, classified partly as debt and partly as equity. The debt component represents the present value of interest payments over the term of the debt. In determining the present value of the principal and interest, the Fund employs an interest rate, at the date of issuance of the convertible debt, which represents its estimated cost of borrowing similar subordinated, illiquid debt which does not bear an equity conversion privilege. Interest paid and payable on the convertible debt is recorded as a repayment of the debt component, and interest on

the debt component is recorded as an expense. The equity component is accreted over the term of the convertible debt through periodic charges to retained earnings (net of income taxes) such that, on maturity, the equity component equals the principal amount, less issuance costs relating to the equity component at the date of issue.

Series I:

The debentures, issued January 5, 1998, bear interest at 8.5% per annum, paid quarterly and were originally due on January 4, 2003. On December 4, 2002, the Fund extended the term of the Series I debentures to January 4, 2008 as well as obtaining the right, at the option of the Fund, to satisfy the debentures, upon 30 days notice, by conversion to units at a price of $ 4.71 per unit. They are convertible at any time prior to maturity by the holder thereof into units of the Fund at the rate of 212.5 units for each $1,000 of debentures converted. The debentures are secured by a floating charge on all property of the Fund subordinated to security granted to a bank or trust company and purchase money security interests. They rank pari passu with other debentures issued by the Fund.

During the year, $630,000 (2003 - $824,000) in Series I debentures were converted into units.

The convertible debentures - equity component of the debentures represents the value of the holder conversion option plus the present value of principal that may be paid in units, less the proportionate issue costs of $25,142 allocated to the equity component.

2002 Debentures:

The debentures were issued on two separate dates, $6,950,000 on December 3, 2002 and $550,000 on December 16, 2002. They bear interest at 8.0% per annum, paid quarterly and are due on December 2, 2007. The debentures are convertible, at the option of the holders, into units at a price of $ 8.00 per unit. The Fund has the option to settle all or a portion of the debenture obligation at maturity, through the issuance of units at the then market price, subject to a floor price of $5.52 per unit. The debentures are secured by a floating charge on all property of the Fund subordinated to security granted to a bank or trust company and purchase money security interests. They rank pari passu with other debentures issued by the Fund.

During the year, $3,566,000 (2003 - $1,607,000) in 2002 debentures were converted into units.

The convertible debentures - equity component of the debentures represents the value of the holder conversion option plus the present value of principal that may be paid in units, less the proportionate issue costs of $606,091 net of tax of $258,316 (2003 - $590,021 net of tax of $251,467) allocated to the equity component.

2003 Debentures:

The debentures were issued on two separate dates, $1,740,000 on September 30, 2003 and $520,000 on November 10, 2003. They bear interest at 8.0% per annum, paid quarterly and are due on September 29, 2008. The debentures are convertible, at the option of the holders, into units at a price of $ 8.60 per unit. The debentures are also redeemable in whole or in part, at the option of the Fund, for a 5% premium on principal from October 1, 2004 to September 30, 2005, and a 2.5% premium on principal from October 1, 2005 until just prior to maturity. The Fund has the option to settle all or a portion of the debenture obligation at maturity through the issuance of units at the then market price, subject to a floor price of $4.41 per unit. The debentures are secured by a floating charge on all property of the Fund subordinated to security granted to a bank or trust company and purchase money security interests. They rank pari passu with other debentures issued by the Fund.

During the year, $675,000 (2003 - $ nil) in 2003 debentures were converted into units.

The convertible debentures - equity component of the debentures represents the value of the holder conversion option plus the present value of principal that may be paid in units. Costs of the debentures issue, in the amount of $393,258 including the amounts associated with the equity component of the debentures, were reimbursed by the Company and have been recorded as deferred costs.

Vendor exchange notes:

The exchange notes were issued upon the acquisition of the Gerber Group, Inc. on February 2, 2004 and bear interest at a fixed rate of 6.4% per annum, payable quarterly, commencing on May 1, 2004 and continue to and including February 1, 2008. Principal is due February 1, 2008. The holders have the right to exchange for a fixed exchange price of $6.62 U.S. per unit, 40% of the notes for units of the Fund after the first anniversary date of the notes, 60% after the second anniversary date, 80% after the third anniversary date and 100% after the fourth anniversary date. The Fund has the right at any time to satisfy the principal balance of the notes through the issue of units, at the lesser of the $6.62 U.S. per unit exchange price or market price, subject to a floor price of $5.61 U.S. per unit.

The vendor exchange notes - equity component of the notes represents the value of the holder conversion option plus the present value of principal to be paid in units.

2003 Warrants:

Warrants are attached to the 2003 debentures, wherein each $1,000 in debentures carries 100 warrants, for a total of 226,000 warrants issued. The warrants are exercisable, at the option of the holders, into units at a price of $8.60 per unit. They expire two years from the date of issue of each debenture offering, being 174,000 on September 29, 2005 and 52,000 on November 9, 2005. The warrants can be exercised without conversion of the underlying debenture. The weighted-average fair value of the warrants at issuance was estimated at $92,300 or $0.41 per warrant. The fair value of each warrant was estimated using a binomial option pricing model with the following weighted average assumptions used for the warrants granted: dividend yield 13.25%, expected volatility 19.4%, risk free interest rate 4.35%, and expected life of the warrants of 2 years.

During 2004, 62,200 (2003 – nil) of the 2003 warrants were exercised at an amount of $534,920 (2003 - $ nil).

14. UNEARNED REBATES

Pursuant to agreements with multiple trading partners entered into in July, 1999, the Fund received capital funding in the form of pre-paid purchase rebates from such trading partners for each acquired collision repair business or start-up collision repair shop. Such amounts are recorded as unearned rebates when received and are amortized as a reduction to cost of sales as they are earned, pursuant to terms of the agreements, over a period of 84 months from date of receipt.

Under the terms of such agreements, the Fund is obligated to purchase the trading partners' products on an exclusive basis for a term, which extends beyond the 84 month amortization period. In exchange for this exclusive arrangement, and subject to certain conditions, the trading partners are required to continue to price their products competitively to the Fund.

Early termination or default by the Fund would require the Fund to repay the aggregate unamortized balance of funding received plus interest from the date of termination or default to the date of repayment. In the event that termination or default occurred within the first five years of the agreements, the Fund would also be required to make an additional payment, calculated as a declining percentage of the unamortized balance.

After a five year period, which expired on December 31, 2003, the Fund's repayment obligations for early termination or default were limited to the aggregate unamortized balances.

The Fund may also be required to repay the unamortized balance of funding received for any acquired business or start-up location that it subsequently decides to close or sell. During 2004, $191,699 (2003 - $ nil) was deducted from additional rebates drawn on the new Atlanta start-up locations, in order to repay the unamortized amount for such locations.

During 2001, the Fund entered into a sale-leaseback transaction on property previously owned. The gain on the transaction has been deferred and is being amortized into income over the term of the subsequent lease. The unamortized amount of the gain at December 31, 2004 was $181,566 (2003 - $190,044).

15. UNITHOLDERS' CAPITAL

Authorized:

Unlimited number of Trust Units

Issued:

On January 24, 2003, the shareholders of the Company approved the Arrangement that reorganized the Company into the Fund. On February 28, 2003, under the terms of the Arrangement, the Fund acquired 53.67% (64.96% of publicly held shares and 15% of Management Group shares) of the Class A (Restricted Voting) shares of the Company from its shareholders, through a series of transactions, resulting in the issue of 2,389,957 trust units as consideration. Also under the terms of the Arrangement, Boyd Group Holdings Inc. ("BGHI"), a holding company under voting control of the Fund, acquired the remaining 46.33% (35.04% of publicly held shares and 85% of Management Group shares) of the Class A (Restricted Voting) shares of the Company from its shareholders, issuing 2,062,863 Class A common shares as consideration. Each public shareholder (other than the Management Group) indirectly received 0.6496 trust units of the Fund and 0.3504 Class A common shares of BGHI in exchange for each four Class A (Restricted Voting) shares held in the Company prior to the Arrangement. The Company, with a majority ownership controlled by the Fund, and a non-controlling interest held by BGHI, carried on the current business of the Company.

As part of the Arrangement, 46.33% (the "minority percentage") of the outstanding Class A (Restricted Voting) shares of the Company, on February 28, 2003, were converted into Class A common shares of BGHI, creating a non-controlling ownership position upon consolidation of the Company and the Fund (Note 17).

The ownership percentages of the Company and the minority percentage continue to change as new units are issued and Class A common shares of BGHI are retracted. At December 31, 2004, the ownership percentage was 79.04% and the minority percentage was 20.96%.

Also on February 28, 2003, concurrent with the Arrangement, the Fund completed an initial public offering (the "IPO") of 1,050,000 trust units at $8.60 per unit, raising $9,030,000. The net proceeds of the IPO were used to reduce long-term debt (including capital lease obligations), fund the Company's Big Box prototype, fund costs relating to branding and facility upgrades, and for other general operating purposes.

On January 19, 2004, the Fund announced the completion of a $14 million bought deal private placement of 1,750,000 subscription receipts, priced at $8.00 per unit plus one-half of a unit purchase warrant. Each whole warrant is exercisable into one unit at a unit price of $10.00 per unit for a period of three years from the closing of the offering, being February 2, 2004.

As part of the sale of M&S Collision Center, Inc. on April 30, 2004, the Fund purchased and cancelled 49,101 units having a book value of $297,061, for an amount of $512,179. The premium paid to acquire the units, in the amount of $215,118, was charged to the deficit of the Fund.

The following provides a continuity of unitholders' capital:

	2004		2003	
	Shares	**Amount**	Shares	Amount
Balance of Class A (Restricted Voting) shares of the Company at December 31, 2002	-	$ -	14,737,002	$ 18,693,465
Issued as partial consideration guaranteed under certain purchase and sale agreements	-	-	120,123	-
Issued on exercise of stock options	-	-	616,980	772,755
Cancellation of Class D shares of the Company	-	-	-	10
Issued on conversion of Class E shares	-	-	2,125,000	1
Issued on conversion of Series I debentures	-	-	212,500	250,000
Issue costs	-	-	-	(235)
Balance at February 28, 2003	-	$ -	17,811,605	$ 19,715,996
	Units	**Amount**	Units	Amount
Unitholders' capital at December 31, 2003	**3,924,864**	**$ 21,058,197**	-	$ -
Units issued by the Fund on February 28, 2003 in exchange for Class A (Restricted Voting) shares of the Company	-	-	2,389,957	10,581,575
Units issued under offerings	**1,750,000**	**14,000,000**	1,050,000	9,030,000
Less value allocated to 2004 warrants	-	**(422,700)**	-	-
Value adjustment on exercise of 2004 warrants	-	**1,200**	-	-
Issue costs	-	**(1,239,507)**	-	(1,099,251)
Units issued under guaranteed price contracts	**66,185**	-	126,086	-
Units issued to settle retraction of non-controlling interest shares	**749,272**	**3,043,795**	4,625	23,242
Units issued on conversion of Series I debentures	**133,872**	**630,000**	121,974	574,000
Units issued on conversion of 2002 debentures	**445,750**	**3,566,000**	200,875	1,607,000
Units issued on conversion of 2003 debentures	**78,482**	**675,000**	-	-
Units issued on exercise of 2003 warrants	**62,200**	**534,920**	-	-
Units issued on exercise of 2004 warrants	**2,500**	**25,000**	-	-
Units issued on acquisitions	**57,143**	**500,000**	11,928	100,000
Units repurchased and cancelled	**(49,101)**	**(297,061)**	(35,508)	(189,716)
Units redeemed	**(61)**	**(488)**	-	-
Units issued under reinvestment programs	**557,360**	**4,363,332**	54,927	431,347
Unitholders' capital, end of period	**7,778,466**	**$ 46,437,688**	3,924,864	$ 21,058,197

Stock options:

On February 27, 2003, before the Arrangement, all outstanding options vested, of which 616,980 options were exercised and Class A (Restricted Voting) shares were issued for a value of $772,755. The remaining 646,520 options were withdrawn and cancelled for no consideration.

On December 13, 2004, the Fund granted options to certain key employees allowing them to purchase up to 300,000 units of the Fund 9 years and 255 days after the date the options were granted. The granting of the options is subject to the approval of the unitholders at the next annual meeting. The options would permit the purchase of units at a price equal to the weighted average trading price on the Toronto Stock Exchange for the first 15 trading days in the month of December 2004, being $7.48 per unit. The cost of the option will be recognized as compensation expense over the term between the date when unitholder approval is obtained and the date the options become exercisable.

16. WARRANTS

On September 30, 2003 and November 10, 2003, the Fund closed a five year, 8.0% convertible debenture offering and received proceeds of $2,260,000. Warrants are attached to the 2003 debentures, wherein each $1,000 in debentures carries 100 warrants, for a total of 226,000 warrants issued. The warrants are exercisable, at the option of the holders, into units at a price of $8.60 per unit. They expire two years from the date of their issue, being September 29, 2005, for 174,000 warrants issued in connection with the September 30, 2003 debenture offering and November 9, 2005 for 52,000 warrants issued in connection with the November 10, 2003 debenture offering. The warrants can be exercised without conversion of the underlying debenture.

On January 19, 2004 the Fund closed a $14 million private placement of 1,750,000 subscription receipts, priced at $8.00 per unit plus one-half of a unit purchase warrant. Each whole warrant is exercisable into one unit at a unit price of $10.00 per unit for a period of three years from the closing of the offering, being February 2, 2004. The warrants can be exercised without conversion of the underlying debenture. The weighted-average fair value of the warrants at issuance was estimated at $422,700 or $0.48 per warrant. The fair value of each warrant was estimated using a binomial option pricing model with the following weighted average assumptions used for the warrants granted: dividend yield 13.25%, expected volatility 18.7%, risk free interest rate 4.35%, and expected life of the warrants of 3 years.

	2004		2003	
	Warrants	**Value**	Warrants	Value
Warrants issued as part of the 2003 convertible debenture offering	**226,000**	**$ 92,300**	226,000	$ 92,300
Warrants issued as part of the 2004 private placement unit offering	**874,997**	**422,700**	-	-
	1,100,997	**515,000**	226,000	92,300
Warrants exercised	**(64,700)**	**(26,600)**	-	-
Warrants outstanding, end of period	**1,036,297**	**$ 488,400**	226,000	$ 92,300

17. NON-CONTROLLING INTEREST

In 2003, a minority percentage of the issued and outstanding Class A (Restricted Voting) shares of the Company were converted into Class A common shares of BGHI. BGHI is a private company and as such its shares are not listed on any stock exchange. The Fund, although it has voting control of BGHI, does not have any significant economic interest in the activities of BGHI and as such, BGHI represents a minority ownership position of the Fund.

On May 1, 2004, All-Consolidated Auto Rebuilders, Inc., one of the Fund's U.S. subsidiaries transferred a portion of its operating assets to Harvey LLC, in consideration for a 75% ownership in the new business. An employee of All-Consolidated Auto Rebuilders, Inc. contributed the remaining 25% equity into the new business. The operating results of the new entity have been included in the consolidated results of the Fund for the period ended December 31, 2004, with the 25% ownership reflected as non-controlling interest.

For the year ended December 31, 2004, the non-controlling interest arose as follows:

	2004		2003	
	Shares	**Amount**	Shares	Amount
Non-controlling interest, beginning of year	**2,062,863**	**$ 6,691,342**	-	$ -
Class A common shares of BGHI issued on February 28, 2003 in exchange for Class A (Restricted Voting) shares of the Company	-	-	2,062,863	9,134,421
Less allocation of minority percentage of deficit of the Company at February 28, 2003	-	-	-	(759,639)
Balance, February 28, 2003	-	-	2,062,863	8,374,782
Less minority percentage of the loss of the Company for the period	-	**(1,648,633)**	-	(798,103)
Less minority percentage of the interest on equity component of convertible debt	-	**(71,343)**	-	(60,791)
Less dividends paid to BGHI	-	**(1,391,401)**	-	(705,500)
Less accrued dividend payable to BGHI	-	**(137,180)**	-	(78,389)
Less reciprocal investment by the Company in BGHI	-	**(3,278,465)**	-	(40,657)
Class A common shares retracted	**(749,743)**	**(3,043,795)**	(5,725)	(23,242)
Class B common shares issued for units in settlement for retractions	**749,743**	**3,043,795**	5,725	23,242
Add dividends received and receivable on Class B shares	-	**437,805**	-	-
Add portion of distributable profits of Harvey LLC	-	**47,078**	-	-
Add contribution by minority equity holder in Harvey LLC	-	**532,746**	-	-
Less foreign exchange adjustment in Harvey LLC	-	**(68,269)**	-	-
Non-controlling interest, end of year	**2,062,863**	**$ 1,113,680**	2,062,863	$ 6,691,342

The total effect of non-controlling interest on earnings for the period was $1,601,555 (2003 - $798,103). For 2004, the amount was the combination of the minority loss of the Company of $1,648,633 less the portion of distributable profits of Harvey LLC of $47,078.

Beginning in the second quarter of 2004, the Fund initiated the selling of its investment in Class B shares of BGHI on a monthly basis to the Company. As a result, the Fund's Investment in BGHI and the dividends received and receivable on such investment have been recorded as a reciprocal investment and netted with non-controlling interest.

18. DISTRIBUTIONS AND DIVIDENDS

Regular monthly distributions to unitholders and dividends to the non-controlling interest shareholders were paid as follows:

a) Monthly distributions:

Record date	Payment date	Distribution per unit	Dividend per share	**Distribution amount**	**Dividend amount**
January 31, 2004	February 25, 2004	$ 0.095	$ 0.0380	$ **393,313**	$ **78,389**
February 29, 2004	March 29, 2004	0.095	0.0380	**576,385**	**78,389**
March 31, 2004	April 28, 2004	0.095	0.0665	**632,878**	**137,180**
April 30, 2004	May 27, 2004	0.095	0.0665	**670,298**	**137,180**
May 31, 2004	June 28, 2004	0.095	0.0665	**682,487**	**137,180**
June 30, 2004	July 28, 2004	0.095	0.0665	**688,348**	**137,180**
July 31, 2004	August 27, 2004	0.095	0.0665	**695,828**	**137,181**
August 31,2004	September 28, 2004	0.095	0.0665	**707,597**	**137,181**
September 30, 2004	October 27,2004	0.095	0.0665	**715,100**	**137,180**
October 31, 2004	November 26, 2004	0.095	0.0665	**723,242**	**137,180**
November 30, 2004	December 23, 2004	0.095	0.0665	**732,078**	**137,181**
December 31, 2004	January 27, 2005	0.095	0.0665	**738,954**	**137,180**
		$ 1.140	$ 0.7410	$ **7,956,508**	**$ 1,528,581**

b) Distributions payable:

		2004		2003
Distributions payable, beginning of year	$	**372,862**	$	-
Distributions declared during the year		**7,956,508**		3,509,823
Distributions paid during the year		**(7,590,416)**		(3,136,961)
Distributions payable, end of year	$	**738,954**	$	372,862

c) Dividends payable to non-controlling interest:

		2004		2003
Dividends payable, beginning of year	$	**78,389**	$	-
Dividends declared during the year		**1,528,581**		783,889
Dividends paid during the year		**(1,469,790)**		(705,500)
Dividends payable, end of year	$	**137,180**	$	78,389

Reinvestment plans

On September 18, 2003, the Fund adopted a Premium Distribution, Distribution Reinvestment and Optional Unit Purchase Plan (the "Plan"), which was made available to unitholders of record on September 30, 2003.

The Plan allows eligible unitholders to direct that the monthly cash distributions paid by the Fund in respect of their existing units be reinvested in additional units at a 5% discount to the average market price. Distributions are recorded at the full amount and the additional units issued as a result of the discount are recorded in unitholders' capital.

The Plan also includes a feature which allows participants to elect either to have these additional units held for their account under the Plan, or have them delivered to a designated broker in exchange for a premium cash payment, provided by the broker, equal to 102% of the reinvested amount.

The Plan also allows those unitholders who participate in either the regular distribution reinvestment component or the premium distribution component of the Plan to purchase additional units from treasury for cash at a purchase price equal to the average market price (with no discount), subject to certain limits described in the Plan.

At the same time, the Company and BGHI adopted a Premium Dividend Plan with the same terms and conditions as the Premium Distribution Plan made available to unitholders. Under this plan BGHI may elect to reinvest all or part of its dividends from the Company.

19. SWAP BREAKAGE AND ARRANGEMENT COSTS

On January 7, 2004, the Fund incurred a swap breakage fee in the amount of $531,360 on the settlement of the remaining portion of an interest rate swap contract. In 2003, the Fund incurred one time costs in the amount of $821,668 associated with the Plan of Arrangement as well as swap breakage fees in the amount of $1,828,430 on the settlement of a portion of its interest rate swap contracts used to hedge interest exposure on its long-term debt.

20. RELATED PARTY TRANSACTIONS

During the year, the Fund engaged in the following transactions with related parties:

a) Management services fees paid to C.C. Collision Repair Management Limited Partnership ("C.C. Repair") totaling $909,633 (2003 - $924,767). C.C. Repair, an entity owned by parties related to senior officers of the Fund, employs all of the Fund's operations managers for its Manitoba locations, as well as certain senior corporate management staff and provides the services of these personnel to the Fund under contract. Other than $24,000 (2003 - $24,000), all of the management fees collected by C.C. Repair were in turn paid out in expenses, either directly or indirectly to these employees of C.C. Repair for salaries, wages and benefits, or for other expenses associated with the delivery of management services.

b) Property rent totaling $51,440 (2003 - $51,426) paid to 3577997 Manitoba Inc., a subsidiary of Coast to Coast Collision Centres Inc, an entity owned by parties related to senior officers of the Fund. The payments represent

premises rental expense for the Fund's collision repair location at 139 Main Street, Selkirk, Manitoba, which is owned by 3577997 Manitoba Inc. The property lease for this location does not contain any significant non-standard terms and conditions that would not normally exist in an arm's length relationship, and the Fund has determined that the terms and conditions of the lease are representative of fair market value.

c) The Fund's subsidiary, The Boyd Group Inc., has declared dividends totalling $650,874 (2003 - $333,781), through BGHI to 4612094 Manitoba Inc. ("Management Holdco"), an entity owned directly or indirectly by senior officers of the Fund. 4612094 Manitoba Inc. owns 878,372 Class A common shares and 30,000,000 voting common shares of BGHI, representing approximately 30% of the total voting shares of BGHI.

d) On November 10, 2003, 4612094 Manitoba Inc. provided a limited guarantee, on behalf of the Company, in order to obtain acquisition financing from certain trading partners. A guarantee fee, in the amount of $395,267, was approved by the Board of Directors on January 19, 2004, with an initial fee of $250,000 payable immediately and an additional fee of $145,267 which was paid January 1, 2005.

e) On February 1, 2004, the Company issued $8.1 million of exchangeable notes to the vendors as part of the purchase of The Gerber Group, Inc. The Company has retained the former owners of Gerber in senior officer positions in its U.S. operations. During 2004, the Company paid interest on the exchangeable notes to these senior officers totaling $250,709.

f) On May 1, 2004, All Consolidated Auto Rebuilders, Inc. one of the Fund's U.S. subsidiaries transferred a portion of its operating assets to a new entity, Harvey LLC, in consideration for a 75% ownership in this new business. An employee of All-Consolidated Auto Rebuilders, Inc. contributed the remaining 25% equity to the new business. The operating results of the new entity have been included in the consolidated results of the Fund for the period from inception to December 31, 2004, with the employee's 25% ownership reflected as part of the non-controlling interest. The Fund provided a loan, in the amount of $341,000 U.S. to this employee, to assist the employee in acquiring the 25% equity interest in Harvey LLC. The Fund has recorded the loan as a note receivable from the employee, receivable from the distributable profits of the Harvey LLC business (Note 6).

g) Property rent totaling $108,336 was paid to Gerber Building No. 1 Partnership, an entity owned 40% by senior officers of Gerber. The payments represent premises rental expense for the Fund's collision repair location at 275 Sundown Road, South Elgin, Illinois. The property lease for this location does not contain any significant non-standard terms and conditions that would not normally exist in an arm's length relationship.

h) Autofit Retainers & Tools, a supplier of automotive parts, recorded sales to the Fund in the amount of $55,348 (2003 - $64,348) of which $8,856 (2003 - $12,329) was allocated as income to The Terry Smith Family Trust. The supplier relationship between Autofit Retainers & Tools and the Fund does not include any non-standard terms and the transactions of this arrangement are accounted for at the exchange amounts.

i) Certain advertising and related expenses are paid to CMS Inc., a company owned by the spouse of a senior management employee of the Fund. During 2004, these expenses amounted to $160,465 (2003 - $155,452) and are accounted for at the exchange amount.

21. INCOME TAXES

The Fund is a mutual fund trust as defined under the Income Tax Act (Canada) and accordingly is not taxable on its income to the extent that its income is distributed to unitholders. This exemption does not apply to the Company or its subsidiaries, which are corporations that are subject to income tax.

a) Future income taxes of the Company consist of the following temporary differences on:

		2004		2003
Property, plant and equipment	$	**737,668**	$	(23,412)
Intangible assets		**(1,122,701)**		(84,180)
Losses carried forward		**3,630,751**		2,994,529
Other		**(42,381)**		(213,708)
	$	**3,203,337**	$	2,673,229

b) The Fund's tax recovery is made up as follows:

		2004		2003
Earnings before income taxes and non-controlling interest	$	**2,349,244**	$	413,276
Earnings of the Fund subject to tax in the hands of the unitholders, not the Fund		**(7,926,978)**		(3,565,438)
Loss of subsidiary companies	$	**(5,577,734)**	$	(3,152,162)
Combined basic Canadian and U.S. Federal, provincial and state tax rates		**37.01%**		38.01%
Income taxes at combined statutory rates	$	**(2,064,319)**	$	(1,198,137)
Adjustments for the tax effect of -				
Non-deductible depreciation		**88,188**		90,279
Non-deductible withholding taxes		**-**		287,152
Other non-deductible expenses		**244,929**		192,313
Amortization of permanent goodwill deductions		**603,373**		(96,724)
Permanent tax deductions		**(525,402)**		-
Deduction for interest on equity component of convertible debentures		**(175,111)**		(141,315)
Deduction of share issue costs		**(466,055)**		-
Changes in future tax assets and liabilities resulting from changes in substantively enacted tax rates		**39,932**		204,015
Non-recognition of available losses carried forward		**3,050,016**		-
Other		**74,053**		(19,580)
Large corporations tax		**17,640**		40,000
Income tax expense (recovery)	$	**887,244**	$	(641,997)

c) At December 31, 2004, the Fund has incurred non-capital losses in Canada of $9,774,000 (2003 - $4,983,000) and has recorded the future tax benefit of these losses in the amount of $1,773,000 (2003 - $1,806,000). The Fund has incurred net operating losses in the U.S. of $9,662,000 (2003 - $3,329,000) and has recorded a future tax benefit in the amount of $1,858,000 (2003 - $1,189,000). The Fund has chosen not to recognize the benefit of all of its income tax carry forward amounts generated in the current year. The amount of the current year tax losses not recognized in Canada were $4,921,000 and in the U.S. were $3,310,000. In addition, the Fund has net pre-acquisition operating losses in the U.S. of $1,242,000 (2003 - $1,242,000), the benefit of which has not been reflected in the financial statements.

The losses expire as follows:

2005	$	9,000
2006		608,000
2007		48,000
2008		1,285,000
2009		134,000
2010		2,768,000
2011		4,921,000
2016		37,000
2018		45,000
2019		581,000
2020		303,000
2021		206,000
2022		77,000
2023		3,064,000
2024		5,350,000

22. CHANGES IN NON-CASH OPERATING WORKING CAPITAL ITEMS

		2004		2003
Accounts receivable	$	**(2,163,690)**	$	908,732
Inventory		**(889,665)**		547,587
Prepaid expenses		**(266,642)**		740,695
Accounts payable and accrued liabilities		**5,715,613**		2,694
Income taxes recoverable		**(194,341)**		2,253,053
	$	**2,201,275**	$	4,452,761

23. LEASE COMMITMENTS

The Fund has various operating lease commitments, primarily in respect of leased premises. The aggregate amount of future minimum lease payments is $78,444,355. The minimum amounts payable over the next five years are as follows:

2005	$	10,399,252
2006		9,904,743
2007		8,651,161
2008		7,453,384
2009		5,424,103

24. CONTINGENCIES

a) The Fund has three outstanding letters of credit to the Toronto Dominion Bank totalling $70,000 (2003 - $70,000). In addition, during the year the Fund issued a U.S. denominated letter of credit to the Bank of America through the Toronto Dominion Bank for $150,000 U.S.

b) Certain of the acquisitions include provisions for contingent purchase price amounts to be paid if certain financial performance is achieved. A portion of the contingent purchase price may be paid by the issue of additional units. The quantifiable contingent purchase price amounts, which may be required to be paid in respect of these and prior year acquisitions is $ nil (2003 - $65,000). Additional contingent purchase price amounts, which are not quantifiable at this time, may also be required to be paid and once known, would be recorded to goodwill.

25. GUARANTEES

The Fund has guaranteed the unit price on units held in escrow on certain acquisitions. If, at the time of release from escrow, the market value of the units differs from the guaranteed price, the Fund is obligated either to issue more units, in the case where the guaranteed price is higher than the market value, or claw back units, in the case where the guaranteed price is lower than the market value. Based on the December 31, 2004 market value of the units, the Fund would be obligated to issue 51,134 additional units for no consideration. As an alternative to issuing additional units, the Fund, at its option, may settle the guarantee on a cash basis.

26. SEGMENTED REPORTING

The Fund has one reportable line of business, being automotive collision repair and related services, with all revenues relating to a group of similar services. In this circumstance, Canadian generally accepted accounting principles requires the Fund to provide geographical disclosure of segments. For the periods reported, all of the Fund's revenues were derived within Canada or the United States of America. All property, plant and equipment, goodwill and intangible assets are located within these two geographic areas.

	Revenues		Property, Plant, Equipment Intangible Assets and Goodwill	
	2004	2003	**2004**	2003
Canada	**$ 57,245,777**	$ 55,566,495	**$ 15,625,778**	$ 16,514,543
United States	**110,413,547**	65,635,438	**60,023,772**	31,739,744
Total	**$ 167,659,324**	$ 121,201,933	**$ 75,649,550**	$ 48,254,287

The Fund's revenues are largely derived from the insurers of its customers, who are generally automobile owners. In three Canadian provinces where the Fund operates, government-owned insurance companies have, by legislation, either exclusive or semi-exclusive rights to provide insurance to the Fund's customers. Although the Fund's services in these markets are predominately paid for by these government-owned insurance companies, the Fund's customers (automobile owners) have freedom of choice of repair provider.

27. DEFINED CONTRIBUTION PENSION PLANS

The Fund has one defined contribution pension plan for certain employees located in the United States. The Fund matches employee contributions at rates up to 6.0% of the employees' salary. The expense and payments for the year were $147,549 (2003 - $199,805).

28. EARNINGS PER UNIT FROM CONTINUING OPERATIONS

	2004	2003
a) Earnings:		
Net earnings from continuing operations	$ **3,063,555**	$ 1,853,376
Less: Net after tax interest on equity component of convertible debentures	**(322,305)**	(171,352)
Less: Dividends on Class E shares	**-**	(118,256)
Net earnings from continuing operations available to unitholders	**2,741,250**	1,563,768
Deduct:		
Losses allocated to non-controlling interest available for retraction	**(485,763)**	(444,722)
Net after tax interest on equity component of convertible debt on non-controlling interest available for retraction	**(21,639)**	(33,874)
Add:		
Net after tax interest on Series I convertible debentures	**6,586**	-
Net earnings from continuing operations – unitholders – diluted basis	$ **2,240,434**	$ 1,085,172
b) Number of units:		
Average number of units outstanding	**6,984,799**	3,460,686
Add:		
Potential retraction of non-controlling interest	**396,542**	974,342
Potential conversion of Series I convertible debentures	**27,200**	-
Potential exercise of warrants	**14,648**	-
Average number of units outstanding – diluted basis	**7,423,189**	4,435,028
Earnings per unit from continuing operations (a) divided by (b)		
Basic	$ **0.392**	$ 0.452
Diluted	$ **0.302**	$ 0.245

29. FINANCIAL INSTRUMENTS

Fair value

For the Fund's current financial assets and liabilities, which are subject to normal trade terms, the historical cost carrying values approximate the fair values.

As there is no ready secondary market for the Fund's long-term debt or its obligations under capital leases, the fair value of these items has been estimated using the discounted cash flow method. The fair value of these items using the discounted cash flow method is approximately equal to their carrying value.

Credit risk

The Fund's revenues are largely received from the insurers of its customers. Accordingly, the Fund's accounts receivable are comprised mostly of amounts due from national and international insurance companies or provincial crown corporations.

Financial risk

The financial risk to the Fund's earnings arises from fluctuations in interest rates and foreign exchange rates, and the degree of volatility of those rates. The Fund utilizes forward foreign exchange contracts and interest rate swap agreements to manage fluctuations in certain foreign exchange and interest rates. The forward contracts are considered a hedge of a specifically identifiable cash flow for intercompany U.S. Dollar receivables with payments

and receipts recognized as adjustments to interest expense. The swap agreements are considered a hedge of a specifically identified debt instrument with payments and receipts under the agreements being recognized as adjustments to interest expense. The contracts call for the exchange of variable interest rate payments for fixed interest rate payments on a notional amount of debt. In the normal course of managing exposure to fluctuations in foreign exchange rates, interest rates, and to market risks, the Fund is an end user of various derivative financial instruments that are not reported on the balance sheet. All contracts are over-the-counter traded and are with counter parties that are highly rated financial institutions.

The following table provides the use, notional amount and estimated fair market value adjustment of the Fund's derivative portfolio being the off balance sheet amounts at December 31, 2004:

	Notional Amount	Remaining Term	Fixed Rates	Unrealized (Gain)/loss
Contracts held for cash flow management:				
The Fund selling U.S. Dollars - Forward foreign exchange contracts	$ 4,000,000	Mar/05 – Dec/08	$1.2223 - $1.2278	$ (93,893)
LIBOR interest rate contracts - U.S. dollar swaps	$ 10,500,000	Jan/05 – Feb/05	1.58%	$ (25,417)
	$ 10,500,000	Mar/05 – Jan/09	4.00%	$ 99,644

No contracts are held for other purposes.

30. SUBSEQUENT EVENTS

On January 1, 2005, the Fund purchased 100% of the shares of Abbotsford Auto Body Ltd., a single location repair facility located in Abbotsford, British Columbia, for approximately $680,000.

On January 1, 2005, the Fund also purchased the assets of Automation Paint & Body Ltd., located in Calgary, Alberta, for approximately $225,000.

On January 18, 2005, the Fund announced a cash distribution for the month of January 2005 of $0.095 per trust unit and Boyd Group Holdings Inc. declared a dividend on its Class A common shares of $0.0665 per share. Both are payable on February 24, 2005 to unitholders and shareholders of record on January 31, 2005.

On January 27, 2005, the accrued distributions and dividends for the month of December 2004 were paid.

On January 28, 2005 the Fund acquired the Globe Amarada Glass Network division of Globe-Amerada Glass Company for approximately $2,000,000 U.S. The Globe Amarada Glass Network is an auto glass repair and replacement referral business based in Chicago, Illinois.

In February of 2005, the service provider, which houses the Company's computerized systems in the U.S., experienced a system failure and corruption of backup information. This failure caused a business interruption situation which affected a significant portion of the Company's U.S. operations. Recovery efforts were successful within one week of the failure and the Company has taken immediate steps to ensure that a similar situation does not recur. The Company is evaluating the incident and the costs incurred associated with the recovery effort, as well as the appropriate courses of action available to recover its costs. The financial impact of the incident is not yet known.

On February 15, 2005, the Fund announced a cash distribution for the month of February 2005 of $0.095 per trust unit and Boyd Group Holdings Inc. declared a dividend on its Class A common shares of $0.0665 per share. Both are payable on March 29, 2005 to unitholders and shareholders of record on February 28, 2005.

On February 24, 2005, the accrued distributions and dividends for the month of January 2005 were paid.

On February 28, 2005, $1,100,000 U.S. of the vendor exchange notes issued as part of the acquisition of the Gerber Group, Inc. were exchanged into trust units. The Fund issued to the holders 166,284 trust units.

On March 10, 2005 the Company agreed to repay on March 31, 2005 an additional $800,000 U.S. of its term debt. As a result, the Company also broke $800,000 U.S. of its interest rate swap at no cost.

On March 21, 2005, the Fund announced a cash distribution for the month of March 2005 of $0.095 per trust unit and Boyd Group Holdings Inc. declared a dividend on its Class A common shares of $0.0665 per share. Both are payable on April 27, 2005 to unitholders and shareholders of record on March 31, 2005.

31. COMPARATIVE FIGURES

Certain of the comparative figures have been reclassified to conform with the presentation of the current year.

BOARD OF TRUSTEES

The Boyd Group Income Fund Board of Trustees consists of seven members – two of who are officers of the Fund and five of who are unrelated, outside Trustees. The Boyd Group Board of Trustees has established three standing committees: The Corporate Governance Committee, The Audit Committee, and the Executive Compensation Committee.

The Corporate Governance Committee is chaired by Wally Comrie and includes all of the unrelated, outside Trustees. The Audit Committee is chaired by Gene Dunn and includes Wally Comrie and Sherman Kreiner. The Executive Compensation Committee is chaired by Kevin Kavanagh and includes Robert Chipman and Terry Smith.

Terry Smith, President and Chief Executive Officer of the Fund, founded Boyd in 1990 and, through his entrepreneurial skills, marketing philosophies, and management expertise, is widely credited as the architect of Boyd's growth and development.

Brock Bulbuck, C.A., is Boyd's Senior Vice President and Chief Operating Officer. Since joining the Company in 1993, he has played a leading role, along with Mr. Smith, in the development and growth of the business. He is responsible for the management of the Company's operations and he works closely with the President and CEO in the development and execution of Boyd's growth strategies.

Walter Comrie is Sales Manager for CTV Television Winnipeg. Under the Fund's predecessor limited partnership structure, Mr. Comrie served as Chairman of the Advisory Committee. In addition to serving on the Board of Trustees of the Fund, he also serves as Director on the Broadcast Association of Manitoba.

Robert Chipman is Chairman and Director of The Megill-Stephenson Company Ltd. and Nation Leasing Group Inc. Mr. Chipman is a past director of the Royal Bank of Canada, Manitoba Telecom Services Inc., Buhler Industries Ltd., and Rice Capital Management Plus Inc.

Gene Dunn is President and CEO of Monarch Industries Ltd. of Winnipeg, a leading Canadian manufacturing company. In addition to serving on the Boyd Board of Trustees, he is also a member of the Board of ENSIS Growth Fund, past Chairman of the Board of Governors for Balmoral Hall School for Girls, and Chairman of the Winnipeg Blue Bombers Football Club.

Kevin Kavanagh is Chancellor Emeritus of Brandon University and is a former President and CEO of The Great-West Life Assurance Company. He is also on the Board of Directors of The Great-West Life Assurance Company, Great-West Lifeco Inc., London Life, and National Leasing Group Inc.

Sherman Kreiner is former President and CEO of Manitoba's Crocus Investment Fund.

CORPORATE DIRECTORY

COMPANY OFFICERS & SUSIDIARY COMPANY OFFICERS

Terry Smith President & Chief Executive Officer	**Brock Bulbuck** Senior Vice President & Chief Operating Officer	**Dan Dott** Vice President & Chief Financial Officer
Eddie Cheskis Chief Executive Officer Gerber Collision & Glass	**Tim O'Day** President & Chief Operating Officer Gerber Collision & Glass	**Kevin Comrie** Vice President, Marketing & Sales
Bob Michalyshyn Vice President, Quality Systems	**Derek Chatterley** * Regional Vice President, British Columbia Operations	**Pat Chassie** * Regional Vice President, Alberta Operations
Eric Danberg Regional Vice President, Manitoba/Saskatchewan Operations	**John Kellman** President, Globe Amerada Glass Network	**Gary Bunce** Senior Vice President, Marketing & Sales Gerber Collision & Glass

* *Officers of subsidiary companies*

CORPORATE OFFICE

3570 Portage Avenue
Winnipeg, Manitoba, Canada
R3K 0Z8

Telephone: (204) 895-1244
Fax: (204) 895-1283
Website: www.boydgroup.com

MANITOBA LOCATIONS

Eric Danberg, *Regional Vice President, Manitoba & Saskatchewan Operations*
Susan Lamirande, *General Administration Manager*

Boyd Autobody & Glass Locations

614 Dudley Avenue Winnipeg, Manitoba R3M 1R7	20 Lakewood Boulevard Winnipeg, Manitoba R2J 2M6	8 – 2140 McPhillips Street Winnipeg, Manitoba R2K 2M3	3570 Portage Avenue Winnipeg, Manitoba R3K 0Z8
120 King Edward Street East * Winnipeg, Manitoba R3H 0N8	15 Marion Street Winnipeg, Manitoba R2H 0S8	951 Henderson Highway Winnipeg, Manitoba R2W 3A1	2405 Pembina Highway Winnipeg, Manitoba R3T 2H4
730 Nairn Avenue Winnipeg, Manitoba R2L 0X7	1520 Saskatchewan Ave East Portage la Prairie, Manitoba R1N 3B5	139 Main Street Selkirk, Manitoba R1A 1R2	702 – 1st Street Brandon, Manitoba R7A 2X4

* *Regional Office*

SASKATCHEWAN LOCATIONS

Eric Danberg, *Regional Vice President, Manitoba & Saskatchewan Operations*
Susan Lamirande, *General Administration Manager*

Boyd Autobody & Glass Locations

225 – 103rd Street East *
Saskatoon, Saskatchewan
S7N 1Y8

710 Circle Drive East
Saskatoon, Saskatchewan
S7K 0V1

2491 – 98th Street
North Battleford, Saskatchewan
S9A 3W1

* *Regional Office*

ALBERTA LOCATIONS

Pat Chassie, *Regional Vice President, Alberta Operations*
Bill Johnson, *General Manager, Alberta Operations*

Service Collision Repair Centres

4903 – 76th Avenue
Edmonton, Alberta
T6B 2S7

14735 – 119th Avenue
Edmonton, Alberta
T5L 2N9

17511 – 103rd Avenue
Edmonton, Alberta
T5S 1J4

35 Riel Drive
St. Albert, Alberta
T8N 5C6

113 Cree Road
Sherwood Park, Alberta
T8A 3X9

3520 – 32nd Street NE
Calgary, Alberta
T1Y 6G7

1808 – 16th Avenue NE *
Calgary, Alberta
T2E 1L2

4303 – 1st Street SE
Calgary, Alberta
T2G 2L2

#1 – 11450 – 29th Street SE
Calgary, Alberta
T2Z 3V5

7668 – 49 Avenue
Red Deer, Alberta
T4P 1M4

4609 – 49 Avenue
Olds, Alberta
T5H 1C9

* *Regional Office*

BRITISH COLUMBIA LOCATIONS

Derek Chatterley, *Regional Vice President, British Columbia Operations*
Paul McFarlane, *General Manager, British Columbia Operations*

Boyd Autobody & Glass Locations / Anvil Glass Locations

5726 Landmark Way *
Surrey, British Columbia
V3S 7H1

227152 Dewdney Trunk Road
Maple Ridge, British Columbia
V2X 3K3

1321 – 3rd Avenue
New Westminster, British Columbia
V3M 1R3

30860 Peardonville Road
Abbotsford, British Columbia
V2T 6J9

9666 King George Highway
Surrey, British Columbia
V3T 2V4

371 West 2nd Avenue
Vancouver, British Columbia
V5Y 1C9

1160 West 73rd Avenue
North Vancouver, British Columbia
V7P 1E6

Anvil Glass
2648 Kingsway Avenue
Port Coquitlam, British Columbia
V3C 1T5

1111 West 73rd Avenue
Vancouver, British Columbia
V6P 3E6

540 John Street
Victoria, British Columbia
V8T 1T6

2663 Sooke Road
Victoria, British Columbia
V9B 1Y3

Anvil Glass
2168 Yukon Street
Vancouver, British Columbia
V5Y 1C9

* *Regional Office*

WASHINGTON LOCATIONS

Tim O'Day, *Chief Operating Officer, U.S. Operations*
Diane Peters, *District Manager*

Gerber Collision & Glass Locations

13640 N.E. 16th Street
Bellevue, Washington
98005

9125 Willows Road
Redmond, Washington
98052

107 – 2600 Randall Way N.W.
Silverdale, Washington
98383

3701 – 20th Street East
Fife, Washington
98424

134 Rainier Avenue South
Renton, Washington
98055

8916 South Tacoma Way
Tacoma, Washington
98499

6811 – 212th Street S.W.
Lynnwood, Washington
98036

2114 Westlake Avenue
Seattle, Washington
98121

14201 – N.E. 190th Street *
Woodinville, Washington
98072

* *Regional Office*

OKLAHOMA LOCATIONS

Tim O'Day, *Chief Operating Officer, U.S. Operations*
Kevin Burnett, *District Manager*
Shawn Weight, *General Manager*

Service Collision Repair Centers

701 West Freeport Street
Broken Arrow, Oklahoma
74012

407 West 5th Street *
Claremore, Oklahoma
74017

* *Regional Office*

ARIZONA & NEVADA LOCATIONS

Tim O'Day, *Chief Operating Officer, U.S. Operations*
Bud Center, *District Manager*

Auto Magic Paint & Body Center
5415 South Decatur Boulevard
Las Vegas, Nevada
89118

Pro-Tech Autobody
15 – 2550 South Rainbow Blvd
Las Vegas, Nevada
89146-5175

Main Street Collision Center
2700 East Main Street
Mesa, Arizona
85213

Pro-Tech Autobody
645/649 Middlegate Road
Henderson, Nevada
89015-2609

Kingswood Collision Center
1015 West Broadway
Mesa, Arizona
85210

Kingswood Collision Center
Suite B, 8150 East Raintree Drive
Scottsdale, Arizona
85260

ILLINOIS LOCATIONS

Tim O'Day, *Chief Operating Officer, U.S. Operations*
Kevin Burnett, *District Manager*
Jim Maliszewski, *District Manager*

Gerber Collision & Glass Locations

19 South Route 59
Aurora, Illinois
60504

2360 Ogden Avenue
Downers Grove, Illinois
60515

900 East Ogden Avenue
Naperville, Illinois
60563

840 Remington
Schaumburg, Illinois
60173

20445 North Milwaukee Avenue
Buffalo Grove, Illinois
60089

500 West Lake Street
Elmhurst, Illinois
60126

4718 Southwest Highway
Oak Lawn, Illinois
60453

275 Sundown Road
South Elgin, Illinois
60177

3425 North Halsted Street
Chicago, Illinois
60657

7902 Forest Hills Road
Loves Park, Illinois
61111

601 Roselle Road
Roselle, Illinois
60172

8250 North Skokie Blvd *
Skokie, Illinois
60077

5948 North Northwest Hwy
Chicago, Illinois
60631

3006 Route 1209
McHenry, Illinois
60050

830 West Belvidere Road
Round Lake, Illinois
60073

1533 – 162nd Street
South Holland, Illinois
60473

6200 Berkshire Drive
Crystal Lake, Illinois
60014

3145 North Cicero Ave
Chicago, Illinois
60641

801 North State
Elgin, Illinois
60123

6801 Mill Road
Rockford, Illinois
61108

272 East 147th Street
Harvey, Illinois
60426

20 North Street
Park Forest, Illinois
60466

* *Regional Office*

GEORGIA LOCATIONS

Tim O'Day, *Chief Operating Officer, U.S. Operations*
Tom Csekme, *District Manager*

Gerber Auto Collision & Glass Locations

11200 Alpharetta Highway
Roswell, Georgia
30076

1746 Cobb Parkway South
Marietta, Georgia
30060

649 West Market Circle
Lithia Springs, Georgia
30122

1830 Mount Zion Highway
Morrow, Georgia
30260

3030 Satellite Boulevard *
Duluth, Georgia
30096

117 – 2445 Hilton Drive
Gainesville, Georgia
30501

2395 Cobb Parkway
Kennesaw, Georgia
30152

725 Dekalb Industrial Way
Decatur, Georgia
30033

* *Regional Office*

FRANCHISE LOCATIONS

Boyd Autobody & Glass
5608 Imperial Street
Burnaby, British Columbia
V5J 1E9

Boyd Autobody & Glass
17511 – 56A Avenue
Surrey, British Columbia
V3S 1G2

Boyd Autobody & Glass
1099 Lansdowne Drive
Coquitlam, British Columbia
V3B 4T7

Boyd Autobody & Glass
1960 Dayton Street
Kelowna, British Columbia
V1Y 7W6

Boyd Autobody & Glass
275 Highway 33 East
Kelowna, British Columbia
V1X 2A4

Boyd Autobody & Glass
2635 Kingsway Avenue
Port Coquitlam, British Columbia
V3C 1T5

Boyd Autobody & Glass
1480 Western Road
Kelowna, British Columbia
V1Z 3Y1

UNITHOLDER INFORMATION

BOYD GROUP INCOME FUND UNITS AND EXCHANGE LISTING

Units of the Fund are listed on the Toronto Stock Exchange under the symbol BYD.UN

Registrar and Transfer Agents

CIBC Mellon Trust Company
750 – One Lombard Place
Winnipeg, Manitoba
R3B 0X3

CIBC Mellon Trust Company
199 Bay Street
Commerce Court West, Security Level
Toronto, Ontario
M5L 1G9

Distribution Agents

Valiant Trust Company
510 – 550 – 6th Avenue S.W.
Calgary, Alberta
T2P 0S2

Auditors

Deloitte & Touche LLP
2200 – 360 Main Street
Winnipeg, Manitoba
R3C 3Z3

Legal Counsel

Thompson Dorfman Sweatman
2200 – 201 Portage Avenue
Winnipeg, Manitoba
R3B 3L3

Bankers

TD Bank Financial Group
4th Floor, 201 Portage Avenue
Winnipeg, Manitoba
R3C 2T2

Transfer and Distribution Agents

Deutsche Bank North America
60 Wall Street, 27th Floor
New York, New York
10005-2858

Annual General Meeting

Wednesday, May 4, 2005
The Fairmont Hotel
Two Lombard Place
Winnipeg, Manitoba
R3B 0Y3
5:00 p.m. (CDT)